

1.1 CONFERENCE COMMITTEE REPORT ON H. F. No. 2072

1.2 A bill for an act
1.3 relating to education finance; updating a reference; amending Minnesota Statutes
1.4 2008, section 126C.05, subdivision 2.

1.5 May 15, 2010

1.6 The Honorable Margaret Anderson Kelliher
1.7 Speaker of the House of Representatives

1.8 The Honorable James P. Metzen
1.9 President of the Senate

1.10 We, the undersigned conferees for H. F. No. 2072 report that we have agreed upon
1.11 the items in dispute and recommend as follows:

1.12 That the Senate recede from its amendment and that H. F. No. 2072 be further
1.13 amended as follows:

1.14 Delete everything after the enacting clause and insert:

1.15 "ARTICLE 1

1.16 GENERAL EDUCATION

1.17 Section 1. Minnesota Statutes 2008, section 11A.16, subdivision 5, is amended to read:

1.18 Subd. 5. **Calculation of income.** As of the end of each fiscal year, the state
1.19 board shall calculate the investment income earned by the permanent school fund. The
1.20 investment income earned by the fund shall equal the amount of interest on debt securities
1.21 ~~and~~, dividends on equity securities, and interest earned on certified monthly earnings prior
1.22 to the transfer to the Department of Education. Gains and losses arising from the sale of
1.23 securities shall be apportioned as follows:

1.24 (a) If the sale of securities results in a net gain during a fiscal year, the gain shall
1.25 be apportioned in equal installments over the next ten fiscal years to offset net losses in
1.26 those years. If any portion of an installment is not needed to recover subsequent losses
1.27 identified in paragraph (b) it shall be added to the principal of the fund.

2.1 (b) If the sale of securities results in a net loss during a fiscal year, the net loss shall
2.2 be recovered first from the gains in paragraph (a) apportioned to that fiscal year. If these
2.3 gains are insufficient, any remaining net loss shall be recovered from interest and dividend
2.4 income in equal installments over the following ten fiscal years.

2.5 Sec. 2. Minnesota Statutes 2008, section 123B.63, subdivision 3, is amended to read:

2.6 Subd. 3. **Capital project levy referendum.** (a) A district may levy the local tax
2.7 rate approved by a majority of the electors voting on the question to provide funds for
2.8 an approved project. The election must take place no more than five years before the
2.9 estimated date of commencement of the project. The referendum must be held on a date
2.10 set by the board. A referendum for a project not receiving a positive review and comment
2.11 by the commissioner under section 123B.71 must be approved by at least 60 percent of
2.12 the voters at the election.

2.13 (b) The referendum may be called by the school board and may be held:

2.14 (1) separately, before an election for the issuance of obligations for the project
2.15 under chapter 475; or

2.16 (2) in conjunction with an election for the issuance of obligations for the project
2.17 under chapter 475; or

2.18 (3) notwithstanding section 475.59, as a conjunctive question authorizing both the
2.19 capital project levy and the issuance of obligations for the project under chapter 475. Any
2.20 obligations authorized for a project may be issued within five years of the date of the
2.21 election.

2.22 (c) The ballot must provide a general description of the proposed project, state the
2.23 estimated total cost of the project, state whether the project has received a positive or
2.24 negative review and comment from the commissioner, state the maximum amount of the
2.25 capital project levy as a percentage of net tax capacity, state the amount that will be raised
2.26 by that local tax rate in the first year it is to be levied, and state the maximum number of
2.27 years that the levy authorization will apply.

2.28 The ballot must contain a textual portion with the information required in this
2.29 section and a question stating substantially the following:

2.30 "Shall the capital project levy proposed by the board of School District
2.31 No. be approved?"

2.32 If approved, the amount provided by the approved local tax rate applied to the net
2.33 tax capacity for the year preceding the year the levy is certified may be certified for the
2.34 number of years, not to exceed ten, approved.

3.1 (d) If the authority for an existing project is expiring and the district is proposing
3.2 a new project at the same maximum tax rate, the general description on the ballot may
3.3 state that the capital project levy is being renewed and that the tax rate is not being
3.4 increased from the previous year's rate and the notice required under section 276.60, may
3.5 be modified to read: "BY VOTING YES ON THIS BALLOT QUESTION, YOU ARE
3.6 VOTING TO EXTEND THE AUTHORITY FOR AN EXPIRING CAPITAL PROJECT
3.7 AT THE SAME TAX RATE."

3.8 (e) In the event a conjunctive question proposes to authorize both the capital project
3.9 levy and the issuance of obligations for the project, appropriate language authorizing the
3.10 issuance of obligations must also be included in the question.

3.11 (f) The district must notify the commissioner of the results of the referendum.

3.12 **EFFECTIVE DATE.** This section is effective for referenda conducted on or after
3.13 July 1, 2010.

3.14 Sec. 3. Minnesota Statutes 2008, section 124D.09, subdivision 20, is amended to read:

3.15 Subd. 20. **Textbooks; materials.** All textbooks and equipment provided to a pupil,
3.16 and paid for under subdivision 13, are the property of the pupil's postsecondary institution.
3.17 Each pupil is required to return all textbooks and equipment to the postsecondary
3.18 institution after the course has ended. The postsecondary institution may bill the pupil for
3.19 any textbooks and equipment that are not promptly returned by the student.

3.20 **EFFECTIVE DATE.** This section is effective July 1, 2010.

3.21 Sec. 4. Minnesota Statutes 2008, section 125A.79, subdivision 1, is amended to read:

3.22 Subdivision 1. **Definitions.** For the purposes of this section, the definitions in this
3.23 subdivision apply.

3.24 (a) "Unreimbursed special education cost" means the sum of the following:

3.25 (1) expenditures for teachers' salaries, contracted services, supplies, equipment, and
3.26 transportation services eligible for revenue under section 125A.76; plus

3.27 (2) expenditures for tuition bills received under sections 125A.03 to 125A.24 and
3.28 125A.65 for services eligible for revenue under section 125A.76, subdivision 2; minus

3.29 (3) revenue for teachers' salaries, contracted services, supplies, equipment, and
3.30 transportation services under section 125A.76; minus

3.31 (4) tuition receipts under sections 125A.03 to 125A.24 and 125A.65 for services
3.32 eligible for revenue under section 125A.76, subdivision 2.

4.1 (b) "General revenue" for a school district means the sum of the general education
4.2 revenue according to section 126C.10, subdivision 1, excluding alternative teacher
4.3 compensation revenue, plus the total qualifying referendum revenue specified in paragraph
4.4 (e) minus transportation sparsity revenue minus total operating capital revenue. "General
4.5 revenue" for a charter school means the sum of the general education revenue according to
4.6 section 124D.11, subdivision 1, and transportation revenue according to section 124D.11,
4.7 subdivision 2, excluding alternative teacher compensation revenue, minus referendum
4.8 equalization aid minus transportation sparsity revenue minus operating capital revenue.

4.9 (c) "Average daily membership" has the meaning given it in section 126C.05.

4.10 (d) "Program growth factor" means 1.02 for fiscal year 2012 and later.

4.11 ~~(e) "Total qualifying referendum revenue" means two-thirds of the district's total~~
4.12 ~~referendum revenue as adjusted according to section 127A.47, subdivision 7, paragraphs~~
4.13 ~~(a) to (c), for fiscal year 2006, one-third of the district's total referendum revenue for fiscal~~
4.14 ~~year 2007, and none of the district's total referendum revenue for fiscal year 2008 and later.~~

4.15 **EFFECTIVE DATE.** This section is effective the day following final enactment.

4.16 Sec. 5. Minnesota Statutes 2008, section 126C.17, is amended by adding a subdivision
4.17 to read:

4.18 **Subd. 9a. Renewal by school board.** (a) Notwithstanding the election requirements
4.19 of subdivision 9, a school board may renew an expiring referendum by board action if:

4.20 (1) the per pupil amount of the referendum is the same as the amount expiring;

4.21 (2) the term of the renewed referendum is no longer than the initial term approved
4.22 by the voters; and

4.23 (3) the school board has adopted a written resolution authorizing the renewal after
4.24 holding a meeting and allowing public testimony on the proposed renewal.

4.25 (b) The resolution must be adopted by the school board by June 15 of any calendar
4.26 year and becomes effective 60 days after its adoption unless a petition to revoke the
4.27 referendum authority, signed by a number of qualified voters in excess of 30 percent of
4.28 the registered voters of the district on the day of the petition, is filed with the board. A
4.29 referendum revocation invoked by petition must be held on the first Tuesday after the first
4.30 Monday in November of the calendar year the resolution is adopted.

4.31 (c) The board of directors of a school district where more than 60 percent of the
4.32 district's enrollment is eligible for free or reduced price meals may renew a referendum
4.33 that expired between January 1, 2004, and January 1, 2010, if that referendum has not yet
4.34 been renewed, according to the provisions of this subdivision.

4.35 (d) This subdivision expires July 1, 2016.

5.1 **EFFECTIVE DATE.** This section is effective the day following final enactment.

5.2 Sec. 6. Minnesota Statutes 2009 Supplement, section 126C.41, subdivision 2, is
5.3 amended to read:

5.4 Subd. 2. **Retired employee health benefits.** (a) A district may levy an amount up
5.5 to the amount the district is required by the collective bargaining agreement in effect
5.6 on March 30, 1992, to pay for health insurance or unreimbursed medical expenses for
5.7 licensed and nonlicensed employees who have terminated services in the employing
5.8 district and withdrawn from active teaching service or other active service, as applicable,
5.9 before July 1, 1992, and to pay for health insurance or unreimbursed medical expenses
5.10 for licensed and nonlicensed employees who have terminated services in the employing
5.11 district and withdrawn from active teaching service or other active service, as applicable
5.12 before July 1, 1998, only if a sunset clause is in effect for the current collective bargaining
5.13 agreement. The total amount of the levy each year may not exceed \$600,000.

5.14 (b) In addition to the levy authority granted under paragraph (a), a school district
5.15 may levy for other postemployment benefits expenses actually paid during the previous
5.16 fiscal year. For purposes of this subdivision, "postemployment benefits" means benefits
5.17 giving rise to a liability under Statement No. 45 of the Government Accounting Standards
5.18 Board. A district seeking levy authority under this subdivision must:

5.19 (1) create or have created an actuarial liability to pay postemployment benefits to
5.20 employees or officers after their termination of service;

5.21 (2) have a sunset clause in effect for the current collective bargaining agreement as
5.22 required by paragraph (a); and

5.23 (3) apply for the authority in the form and manner required by the commissioner
5.24 of education.

5.25 If the total levy authority requested under this paragraph exceeds the amount established
5.26 in paragraph (c), the commissioner must proportionately reduce each district's maximum
5.27 levy authority under this subdivision. The commissioner may subsequently adjust each
5.28 district's levy authority under this subdivision so long as the total levy authority does not
5.29 exceed the maximum levy authority for that year.

5.30 (c) The maximum levy authority under paragraph (b) must not exceed the following
5.31 amounts:

5.32 (1) \$9,242,000 for taxes payable in 2010;

5.33 (2) \$29,863,000 for taxes payable in 2011; and

5.34 (3) for taxes payable in 2012 and later, the maximum levy authority must not exceed
5.35 the sum of the previous year's authority and \$14,000,000.

7.1 (1) by October 1 of ~~each~~ the first school year, the name, birth date, and address
7.2 ~~of each child receiving instruction~~ the child receives instruction after reaching the age
7.3 of seven;

7.4 ~~(2) the name of each instructor and evidence of compliance with one of the~~
7.5 ~~requirements specified in section 120A.22, subdivision 10;~~

7.6 ~~(3) an annual instructional calendar; and~~

7.7 ~~(4) for each child instructed by a parent who meets only the requirement of section~~
7.8 ~~120A.22, subdivision 10, clause (6), a quarterly report card on the achievement of the~~
7.9 ~~child in each subject area required in section 120A.22, subdivision 9~~

7.10 (2) within 15 days of when a parent withdraws a child from public school after
7.11 age seven to homeschool;

7.12 (3) within 15 days of moving out of a district; and

7.13 (4) by October 1 after a new resident district is established.

7.14 (b) The person in charge of providing instruction to a child between the ages of
7.15 seven and 16 must submit, by October 1 of each school year, a letter of intent to continue
7.16 to provide instruction under this section for all students under their supervision and any
7.17 changes to the information required in paragraph (a) for each student.

7.18 (c) The superintendent may collect the required information under this section
7.19 through electronic or Web-based format, but must not require electronic submission of
7.20 information of the person in charge of reporting under this subdivision.

7.21 Subd. 2. **Availability of documentation.** (a) The person in charge of providing
7.22 instruction to a child must ~~make available~~ maintain documentation indicating that the
7.23 subjects required in section 120A.22, subdivision 9, are being taught and proof that the
7.24 tests under section 120A.22, subdivision 11, have been administered. This documentation
7.25 must include class schedules, copies of materials used for instruction, and descriptions of
7.26 methods used to assess student achievement.

7.27 (b) The parent of a child who enrolls full-time in public school after having been
7.28 enrolled in a home school under section 120A.22, subdivision 6, must provide the
7.29 enrolling public school or school district with the child's scores on any tests administered
7.30 to the child under section 120A.22, subdivision 11, and other education-related documents
7.31 the enrolling school or district requires to determine where the child is placed in school
7.32 and what course requirements apply. This paragraph does not apply to a shared time
7.33 student who does not seek a public school diploma.

7.34 (c) The person in charge of providing instruction to a child must make the
7.35 documentation in this subdivision available to the county attorney when a case is

8.1 commenced under section 120A.26, subdivision 5; chapter 260C; or when diverted under
8.2 chapter 260A.

8.3 Subd. 3. **Exemptions.** A nonpublic school, person, or other institution that is
8.4 accredited by an accrediting agency, recognized according to section 123B.445, or
8.5 recognized by the commissioner, is exempt from the requirements in ~~subdivisions 1 and~~
8.6 subdivision 2, except for the requirement in subdivision 1, clause (1).

8.7 Subd. 4. **Reports to the state.** A superintendent must make an annual report to the
8.8 commissioner of education by December 1 of the total number of nonpublic children
8.9 reported as residing in the district. ~~The report must include the following information:~~

8.10 ~~(1) the number of children residing in the district attending nonpublic schools or~~
8.11 ~~receiving instruction from persons or institutions other than a public school;~~

8.12 ~~(2) the number of children in clause (1) who are in compliance with section 120A.22~~
8.13 ~~and this section; and~~

8.14 ~~(3) the number of children in clause (1) who the superintendent has determined are~~
8.15 ~~not in compliance with section 120A.22 and this section.~~

8.16 Subd. 5. **Obligations.** Nothing in this section alleviates the obligations under
8.17 section 120A.22.

8.18 Sec. 3. Minnesota Statutes 2008, section 120B.021, subdivision 1, is amended to read:

8.19 Subdivision 1. **Required academic standards.** The following subject areas are
8.20 required for statewide accountability:

8.21 (1) language arts;

8.22 (2) mathematics;

8.23 (3) science;

8.24 (4) social studies, including history, geography, economics, and government and
8.25 citizenship;

8.26 (5) physical education;

8.27 ~~(6) health and physical education,~~ for which locally developed academic standards
8.28 apply; and

8.29 ~~(6) (7)~~ the arts, for which statewide or locally developed academic standards apply,
8.30 as determined by the school district. Public elementary and middle schools must offer at
8.31 least three and require at least two of the following four arts areas: dance; music; theater;
8.32 and visual arts. Public high schools must offer at least three and require at least one of the
8.33 following five arts areas: media arts; dance; music; theater; and visual arts.

8.34 The commissioner must submit proposed standards in science and social studies to
8.35 the legislature by February 1, 2004.

9.1 For purposes of applicable federal law, the academic standards for language arts,
9.2 mathematics, and science apply to all public school students, except the very few students
9.3 with extreme cognitive or physical impairments for whom an individualized education
9.4 plan team has determined that the required academic standards are inappropriate.

9.5 An individualized education plan team that makes this determination must establish
9.6 alternative standards.

9.7 A school district, no later than the 2007-2008 school year, must adopt graduation
9.8 requirements that meet or exceed state graduation requirements established in law or
9.9 rule. A school district that incorporates these state graduation requirements before the
9.10 2007-2008 school year must provide students who enter the 9th grade in or before
9.11 the 2003-2004 school year the opportunity to earn a diploma based on existing locally
9.12 established graduation requirements in effect when the students entered the 9th grade.
9.13 District efforts to develop, implement, or improve instruction or curriculum as a result
9.14 of the provisions of this section must be consistent with sections 120B.10, 120B.11,
9.15 and 120B.20.

9.16 The commissioner must include the contributions of Minnesota American Indian
9.17 tribes and communities as they relate to the academic standards during the review and
9.18 revision of the required academic standards.

9.19 **EFFECTIVE DATE.** This section is effective the day following final enactment
9.20 and applies to all school districts and charter schools beginning in the 2012-2013 school
9.21 year and later. A school district or charter school is strongly encouraged to implement
9.22 state physical education standards in an earlier school year than the 2012-2013 school
9.23 year if it has adopted physical education standards equivalent to the standards developed
9.24 by the National Association for Sport and Physical Education under section 31 on the
9.25 effective date of this act, or if it is scheduled to undertake the periodic review of its local
9.26 physical education standards under Minnesota Statutes, section 120B.023, subdivision 2,
9.27 paragraph (g), in a school year before the 2012-2013 school year, it is strongly encouraged
9.28 to implement state physical education standards consistent with section 31 in an earlier
9.29 school year.

9.30 Sec. 4. Minnesota Statutes 2009 Supplement, section 120B.023, subdivision 2, is
9.31 amended to read:

9.32 Subd. 2. **Revisions and reviews required.** (a) The commissioner of education must
9.33 revise and appropriately embed technology and information literacy standards consistent
9.34 with recommendations from school media specialists into the state's academic standards
9.35 and graduation requirements and implement a review cycle for state academic standards

10.1 and related benchmarks, consistent with this subdivision. During each review cycle, the
10.2 commissioner also must examine the alignment of each required academic standard and
10.3 related benchmark with the knowledge and skills students need for college readiness and
10.4 advanced work in the particular subject area.

10.5 (b) The commissioner in the 2006-2007 school year must revise and align the state's
10.6 academic standards and high school graduation requirements in mathematics to require
10.7 that students satisfactorily complete the revised mathematics standards, beginning in the
10.8 2010-2011 school year. Under the revised standards:

10.9 (1) students must satisfactorily complete an algebra I credit by the end of eighth
10.10 grade; and

10.11 (2) students scheduled to graduate in the 2014-2015 school year or later must
10.12 satisfactorily complete an algebra II credit or its equivalent.

10.13 The commissioner also must ensure that the statewide mathematics assessments
10.14 administered to students in grades 3 through 8 and 11 are aligned with the state academic
10.15 standards in mathematics, consistent with section 120B.30, subdivision 1, paragraph

10.16 (b). The commissioner must implement a review of the academic standards and related
10.17 benchmarks in mathematics beginning in the 2015-2016 school year.

10.18 (c) The commissioner in the 2007-2008 school year must revise and align the state's
10.19 academic standards and high school graduation requirements in the arts to require that
10.20 students satisfactorily complete the revised arts standards beginning in the 2010-2011
10.21 school year. The commissioner must implement a review of the academic standards and
10.22 related benchmarks in arts beginning in the 2016-2017 school year.

10.23 (d) The commissioner in the 2008-2009 school year must revise and align the state's
10.24 academic standards and high school graduation requirements in science to require that
10.25 students satisfactorily complete the revised science standards, beginning in the 2011-2012
10.26 school year. Under the revised standards, students scheduled to graduate in the 2014-2015
10.27 school year or later must satisfactorily complete a chemistry or physics credit. The
10.28 commissioner must implement a review of the academic standards and related benchmarks
10.29 in science beginning in the 2017-2018 school year.

10.30 (e) The commissioner in the 2009-2010 school year must revise and align the state's
10.31 academic standards and high school graduation requirements in language arts to require
10.32 that students satisfactorily complete the revised language arts standards beginning in the
10.33 2012-2013 school year. The commissioner must implement a review of the academic
10.34 standards and related benchmarks in language arts beginning in the 2018-2019 school year.

10.35 (f) The commissioner in the 2010-2011 school year must revise and align the state's
10.36 academic standards and high school graduation requirements in social studies to require

11.1 that students satisfactorily complete the revised social studies standards beginning in the
11.2 2013-2014 school year. The commissioner must implement a review of the academic
11.3 standards and related benchmarks in social studies beginning in the 2019-2020 school year.

11.4 (g) School districts and charter schools must revise and align local academic
11.5 standards and high school graduation requirements in health, ~~physical education~~, world
11.6 languages, and career and technical education to require students to complete the revised
11.7 standards beginning in a school year determined by the school district or charter school.
11.8 School districts and charter schools must formally establish a periodic review cycle for
11.9 the academic standards and related benchmarks in health, ~~physical education~~, world
11.10 languages, and career and technical education.

11.11 (h) The commissioner in the 2013-2014 school year and later must use the good
11.12 cause exemption under section 14.388, subdivision 1, clause (3), to amend the rules
11.13 governing state physical education standards to conform the state standards to changes in
11.14 the standards developed by the National Association for Sport and Physical Education.
11.15 Directions to the commissioner to embed technology and information literacy standards
11.16 under paragraph (a) and other requirements related to state academic standards under
11.17 this chapter do not apply.

11.18 **EFFECTIVE DATE.** This section is effective the day following final enactment
11.19 and applies to all school districts and charter schools beginning in the 2012-2013 school
11.20 year and later, except that paragraph (h) applies beginning in the 2013-2014 school year
11.21 and later. A school district or charter school is strongly encouraged to implement state
11.22 physical education standards in an earlier school year than the 2012-2013 school year if it
11.23 has adopted physical education standards equivalent to the standards developed by the
11.24 National Association for Sport and Physical Education under section 31 on the effective
11.25 date of this act, or if it is scheduled to undertake the periodic review of its local physical
11.26 education standards under paragraph (g) in a school year before the 2012-2013 school
11.27 year, it is strongly encouraged to implement state physical education standards consistent
11.28 with section 31 in an earlier school year.

11.29 Sec. 5. Minnesota Statutes 2008, section 120B.15, is amended to read:

11.30 **120B.15 GIFTED AND TALENTED STUDENTS PROGRAMS.**

11.31 (a) School districts and charter schools may identify students, locally develop
11.32 programs addressing instructional and affective needs, provide staff development, and
11.33 evaluate programs to provide gifted and talented students with challenging and appropriate
11.34 educational programs.

12.1 (b) School districts and charter schools may adopt guidelines for assessing and
12.2 identifying students for participation in gifted and talented programs. The guidelines
12.3 should include the use of:

- 12.4 (1) multiple and objective criteria; and
12.5 (2) assessments and procedures that are valid and reliable, fair, and based on
12.6 current theory and research addressing the use of tools and methods that are sensitive to
12.7 underrepresented groups, including, but not limited to, students who are low income,
12.8 minority, gifted and learning disabled, and English language learners.

12.9 (c) School districts and charter schools must adopt procedures for the academic
12.10 acceleration of gifted and talented students. These procedures must include how the
12.11 district will:

- 12.12 (1) assess a student's readiness and motivation for acceleration; and
12.13 (2) match the level, complexity, and pace of the curriculum to a student to achieve
12.14 the best type of academic acceleration for that student.

12.15 Sec. 6. **[120B.21] MENTAL HEALTH EDUCATION.**

12.16 The legislature encourages districts to provide instruction in mental health for
12.17 students in grades 7 through 12. Instruction must be aligned with local health standards
12.18 and integrated into a district's existing programs, curriculum, or the general school
12.19 environment. The commissioner of education, in consultation with mental health
12.20 organizations, shall provide assistance to districts including:

- 12.21 (1) age-appropriate model learning activities for grades 7 through 12 that address
12.22 mental health components of the National Health Education Standards and the benchmarks
12.23 developed by the department's quality teaching network in health and best practices in
12.24 mental health education; and

- 12.25 (2) a directory of resources for planning and implementing age-appropriate mental
12.26 health curriculum and instruction in grades 7 through 12.

12.27 Sec. 7. Minnesota Statutes 2009 Supplement, section 120B.30, subdivision 1, is
12.28 amended to read:

12.29 Subdivision 1. **Statewide testing.** (a) The commissioner, with advice from experts
12.30 with appropriate technical qualifications and experience and stakeholders, consistent with
12.31 subdivision 1a, shall include in the comprehensive assessment system, for each grade
12.32 level to be tested, state-constructed tests developed from and aligned with the state's
12.33 required academic standards under section 120B.021, include multiple choice questions,
12.34 and be administered annually to all students in grades 3 through 8. State-developed high

13.1 school tests aligned with the state's required academic standards under section 120B.021
13.2 and administered to all high school students in a subject other than writing must include
13.3 multiple choice questions. The commissioner shall establish one or more months during
13.4 which schools shall administer the tests to students each school year. For students enrolled
13.5 in grade 8 before the 2005-2006 school year, Minnesota basic skills tests in reading,
13.6 mathematics, and writing shall fulfill students' basic skills testing requirements for a
13.7 passing state notation. The passing scores of basic skills tests in reading and mathematics
13.8 are the equivalent of 75 percent correct for students entering grade 9 based on the first
13.9 uniform test administered in February 1998. Students who have not successfully passed
13.10 a Minnesota basic skills test by the end of the 2011-2012 school year must pass the
13.11 graduation-required assessments for diploma under paragraph (b).

13.12 (b) The state assessment system must be aligned to the most recent revision of
13.13 academic standards as described in section 120B.023 in the following manner:

13.14 (1) mathematics;

13.15 (i) grades 3 through 8 beginning in the 2010-2011 school year; and

13.16 (ii) high school level beginning in the ~~2013-2014~~ 2014-2015 school year;

13.17 (2) science; grades 5 and 8 and at the high school level beginning in the 2011-2012
13.18 school year; and

13.19 (3) language arts and reading; grades 3 through 8 and high school level beginning in
13.20 the 2012-2013 school year.

13.21 (c) For students enrolled in grade 8 in the 2005-2006 school year and later, only the
13.22 following options shall fulfill students' state graduation test requirements:

13.23 (1) for reading and mathematics:

13.24 (i) obtaining an achievement level equivalent to or greater than proficient as
13.25 determined through a standard setting process on the Minnesota comprehensive
13.26 assessments in grade 10 for reading and grade 11 for mathematics or achieving a passing
13.27 score as determined through a standard setting process on the graduation-required
13.28 assessment for diploma in grade 10 for reading and grade 11 for mathematics or
13.29 subsequent retests;

13.30 (ii) achieving a passing score as determined through a standard setting process on the
13.31 state-identified language proficiency test in reading and the mathematics test for English
13.32 language learners or the graduation-required assessment for diploma equivalent of those
13.33 assessments for students designated as English language learners;

13.34 (iii) achieving an individual passing score on the graduation-required assessment
13.35 for diploma as determined by appropriate state guidelines for students with an individual
13.36 education plan or 504 plan;

14.1 (iv) obtaining achievement level equivalent to or greater than proficient as
14.2 determined through a standard setting process on the state-identified alternate assessment
14.3 or assessments in grade 10 for reading and grade 11 for mathematics for students with
14.4 an individual education plan; or

14.5 (v) achieving an individual passing score on the state-identified alternate assessment
14.6 or assessments as determined by appropriate state guidelines for students with an
14.7 individual education plan; and

14.8 (2) for writing:

14.9 (i) achieving a passing score on the graduation-required assessment for diploma;

14.10 (ii) achieving a passing score as determined through a standard setting process on
14.11 the state-identified language proficiency test in writing for students designated as English
14.12 language learners;

14.13 (iii) achieving an individual passing score on the graduation-required assessment
14.14 for diploma as determined by appropriate state guidelines for students with an individual
14.15 education plan or 504 plan; or

14.16 (iv) achieving an individual passing score on the state-identified alternate assessment
14.17 or assessments as determined by appropriate state guidelines for students with an
14.18 individual education plan.

14.19 (d) Students enrolled in grade 8 in any school year from the 2005-2006 school
14.20 year to the 2009-2010 school year who do not pass the mathematics graduation-required
14.21 assessment for diploma under paragraph (b) are eligible to receive a high school diploma
14.22 ~~with a passing state notation~~ if they:

14.23 (1) complete with a passing score or grade all state and local coursework and credits
14.24 required for graduation by the school board granting the students their diploma;

14.25 (2) participate in district-prescribed academic remediation in mathematics; and

14.26 (3) fully participate in at least two retests of the mathematics GRAD test or until
14.27 they pass the mathematics GRAD test, whichever comes first. A school, district, or
14.28 charter school must place on the high school transcript a student's highest current pass
14.29 status for each subject that has a required graduation assessment score for each of the
14.30 ~~following assessments on the student's high school transcript: the mathematics Minnesota~~
14.31 ~~Comprehensive Assessment, reading Minnesota Comprehensive Assessment, and writing~~
14.32 ~~Graduation-Required Assessment for Diploma, and when applicable, the mathematics~~
14.33 ~~Graduation-Required Assessment for Diploma and reading Graduation-Required~~
14.34 ~~Assessment for Diploma.~~

14.35 In addition, the school board granting the students their diplomas may formally
14.36 decide to include a notation of high achievement on the high school diplomas of those

15.1 graduating seniors who, according to established school board criteria, demonstrate
15.2 exemplary academic achievement during high school.

15.3 (e) The 3rd through 8th grade and high school test results shall be available to
15.4 districts for diagnostic purposes affecting student learning and district instruction and
15.5 curriculum, and for establishing educational accountability. The commissioner must
15.6 disseminate to the public the high school test results upon receiving those results.

15.7 (f) The 3rd through 8th grade and high school tests must be aligned with state
15.8 academic standards. The commissioner shall determine the testing process and the order
15.9 of administration. The statewide results shall be aggregated at the site and district level,
15.10 consistent with subdivision 1a.

15.11 (g) In addition to the testing and reporting requirements under this section, the
15.12 commissioner shall include the following components in the statewide public reporting
15.13 system:

15.14 (1) uniform statewide testing of all students in grades 3 through 8 and at the high
15.15 school level that provides appropriate, technically sound accommodations or alternate
15.16 assessments;

15.17 (2) educational indicators that can be aggregated and compared across school
15.18 districts and across time on a statewide basis, including average daily attendance, high
15.19 school graduation rates, and high school drop-out rates by age and grade level;

15.20 (3) state results on the American College Test; and

15.21 (4) state results from participation in the National Assessment of Educational
15.22 Progress so that the state can benchmark its performance against the nation and other
15.23 states, and, where possible, against other countries, and contribute to the national effort
15.24 to monitor achievement.

15.25 Sec. 8. Minnesota Statutes 2009 Supplement, section 120B.30, is amended by adding a
15.26 subdivision to read:

15.27 Subd. 1b. **High school algebra end-of-course assessment.** (a) Notwithstanding
15.28 subdivision 1, the commissioner shall establish a statewide high school algebra
15.29 end-of-course assessment for students entering grade 8 in the 2010-2011 school year
15.30 and later that provides information on the college and career readiness of Minnesota
15.31 students and fulfills federal accountability requirements, consistent with this subdivision
15.32 and related rules. For purposes of this subdivision, "college and career readiness" means
15.33 the knowledge and skills that a high school graduate needs to do either credit-bearing
15.34 coursework at a two-year or four-year college or university or career-track employment

16.1 that pays a living wage, provides employment benefits, and offers clear pathways for
16.2 advancement through further education and training.

16.3 (b) This statewide high school algebra end-of-course assessment must conform
16.4 with the following:

16.5 (1) align with the most recently revised academic content standards under section
16.6 120B.023, subdivision 2;

16.7 (2) include both multiple-choice and open-ended items that assess the appropriate
16.8 algebra knowledge and skills contained in the state's academic content standards;

16.9 (3) be designed for computer administration and scoring so that, beginning the
16.10 second year a computerized test is administered and as soon as practicable during the
16.11 first year a computerized test is administered, the exam results of students who take
16.12 computerized tests are available to the school or district within three full school days after
16.13 the exam is administered, among other design characteristics;

16.14 (4) be administered at regular intervals that align with the most common high school
16.15 schedules in Minnesota;

16.16 (5) generate achievement levels established through a professionally recognized
16.17 methodology;

16.18 (6) use achievement level descriptors that define a student's college and career
16.19 readiness;

16.20 (7) comprise 20 percent of the student's overall course grade in the corresponding
16.21 course;

16.22 (8) require a student who does not pass a high school algebra course to (i)
16.23 retake the course or complete a district-authorized credit recovery class, (ii) opt, at the
16.24 student's election, to retake the end-of-course assessment within a regularly scheduled
16.25 administration window, and (iii) have the student select the exam score on the initial test
16.26 or the retest to count as the equivalent of 20 percent of the student's overall course grade;

16.27 (9) allow an eligible student to meet this requirement through an alternative method
16.28 that demonstrates the student's college and career readiness:

16.29 (i) for high school students who transfer into Minnesota from another state where
16.30 the algebra course content, as applicable, is of equal or greater rigor, pass that state's high
16.31 school course and graduation requirements in algebra, as applicable;

16.32 (ii) allow a student who has an active individualized education program to achieve a
16.33 passing status at an individual level as prescribed by the commissioner;

16.34 (iii) waive the required exam for a high school student who is an English language
16.35 learner under section 124D.59 and who has been enrolled for four or fewer years in a
16.36 school in which English is the primary language of instruction; or

17.1 (iv) other alternative methods recommended by the Assessment Advisory
17.2 Committee, if subsequently specifically authorized by law to allow other alternative
17.3 methods;

17.4 (10) use three consecutive school years of research and analysis through the
17.5 2014-2015 school year, as prescribed by the commissioner, to calculate and report an
17.6 alignment index that compares students' final grades in this course with their end-of-course
17.7 assessment scores;

17.8 (11) subsequent to calculating and reporting the alignment index under clause (10),
17.9 require schools that are highly misaligned for two or more consecutive school years to
17.10 transmit written notice of the misalignment to all parents of students enrolled in the school,
17.11 as prescribed by the commissioner; and

17.12 (12) when schools are highly misaligned for two or more consecutive years under
17.13 clause (11), use school district funds under section 122A.60, subdivision 1a, paragraph
17.14 (a), to correct the misalignment.

17.15 (c) The requirements of this subdivision apply to students in public schools,
17.16 including charter schools, who enter grade 8 in the 2010-2011 school year or later. The
17.17 commissioner may establish a transition period where students who enter grade 8 in the
17.18 2010-2011 or 2011-2012 school year graduate either under the Graduation-Required
17.19 Assessment for Diploma requirements under section 120B.30, subdivision 1, or this
17.20 subdivision. The commissioner may seek authority from the legislature to adjust the
17.21 time line under this paragraph if circumstances such as changes in federal law governing
17.22 educational accountability and assessment warrant such an adjustment.

17.23 (d) To fully implement this subdivision and enable school districts to provide
17.24 intervention and support to struggling students and improve instruction for all students,
17.25 the commissioner must provide districts with (1) a benchmark assessment aligned with
17.26 the high school algebra end-of-course assessment, and as funding allows, may provide
17.27 districts with (2) an item bank available to teachers for creating formative assessments to
17.28 help students prepare for the high school algebra end-of-course assessment.

17.29 (e) The commissioner shall expand the membership and purpose of the Assessment
17.30 Advisory Committee established under section 120B.365 to include assessment experts
17.31 and practitioners from both secondary and postsecondary education systems and other
17.32 appropriate stakeholders to monitor the implementation of and student outcomes based
17.33 on the algebra end-of-course assessment and policies and the state support available
17.34 to districts, including small or rural districts, under this subdivision. This committee
17.35 shall report annually by February 15 to the commissioner and the legislature on the
17.36 implementation of and student outcomes based on the assessment and policies under this

18.1 subdivision. Notwithstanding section 15.059, subdivision 3, committee members shall not
18.2 receive compensation, per diem payments, or reimbursement for expenses.

18.3 (f) Using a solicitation process that includes a "request for proposal" process and
18.4 multiple responses, the commissioner shall contract for at least two independent studies
18.5 at two-year intervals to evaluate (1) the implementation of the requirements and (2) the
18.6 availability and efficacy of resources to support and improve student outcomes based on
18.7 student achievement data under this subdivision. The commissioner must submit the
18.8 results of the first study to the education policy and finance committees of the legislature
18.9 by February 15, 2015. The commissioner must submit the results of the second study
18.10 to the legislature by February 15, 2017.

18.11 (g) The commissioner must not begin to develop additional statewide end-of-course
18.12 exams in geometry, chemistry, or physics until specifically authorized in law to do so.

18.13 (h) A district or charter school must indicate on a student's transcript the student's
18.14 level of college and career readiness in algebra under this subdivision after the levels have
18.15 been established through a professionally recognized methodology.

18.16 **EFFECTIVE DATE.** This section is effective the day following final enactment.

18.17 Sec. 9. Minnesota Statutes 2009 Supplement, section 120B.30, subdivision 3, is
18.18 amended to read:

18.19 Subd. 3. **Reporting.** The commissioner shall report test ~~data~~ results publicly and
18.20 to stakeholders, including the performance achievement levels developed from students'
18.21 unweighted test scores in each tested subject and a listing of demographic factors that
18.22 strongly correlate with student performance. The test results must not include personally
18.23 identifiable information as defined in Code of Federal Regulations, title 34, section 99.3.

18.24 The commissioner shall also report data that compares performance results among school
18.25 sites, school districts, Minnesota and other states, and Minnesota and other nations. The
18.26 commissioner shall disseminate to schools and school districts a more comprehensive
18.27 report containing testing information that meets local needs for evaluating instruction
18.28 and curriculum.

18.29 Sec. 10. Minnesota Statutes 2009 Supplement, section 120B.30, subdivision 4, is
18.30 amended to read:

18.31 Subd. 4. **Access to tests.** Consistent with section 13.34, the commissioner must
18.32 adopt and publish a policy to provide public and parental access for review of basic skills
18.33 tests, Minnesota Comprehensive Assessments, or any other such statewide test and
18.34 assessment which would not compromise the objectivity or fairness of the testing or

19.1 examination process. Upon receiving a written request, the commissioner must make
19.2 available to parents or guardians a copy of their student's actual responses to the test
19.3 questions for their review.

19.4 Sec. 11. Minnesota Statutes 2009 Supplement, section 120B.35, subdivision 3, is
19.5 amended to read:

19.6 Subd. 3. **State growth target; other state measures.** (a) The state's educational
19.7 assessment system measuring individual students' educational growth is based on
19.8 indicators of achievement growth that show an individual student's prior achievement.
19.9 Indicators of achievement and prior achievement must be based on highly reliable
19.10 statewide or districtwide assessments.

19.11 (b) The commissioner, in consultation with a stakeholder group that includes
19.12 assessment and evaluation directors and staff and researchers must implement a model
19.13 that uses a value-added growth indicator and includes criteria for identifying schools
19.14 and school districts that demonstrate medium and high growth under section 120B.299,
19.15 subdivisions 8 and 9, and may recommend other value-added measures under section
19.16 120B.299, subdivision 3. The model may be used to advance educators' professional
19.17 development and replicate programs that succeed in meeting students' diverse learning
19.18 needs. Data on individual teachers generated under the model are personnel data under
19.19 section 13.43. The model must allow users to:

19.20 (1) report student growth consistent with this paragraph; and

19.21 (2) for all student categories, report and compare aggregated and disaggregated state
19.22 growth data using the nine student categories identified under the federal 2001 No Child
19.23 Left Behind Act and two student gender categories of male and female, respectively,
19.24 following appropriate reporting practices to protect nonpublic student data.

19.25 The commissioner must report separate measures of student growth and proficiency,
19.26 consistent with this paragraph.

19.27 (c) When reporting student performance under section 120B.36, subdivision 1, the
19.28 commissioner annually, beginning July 1, 2011, must report two core measures indicating
19.29 the extent to which current high school graduates are being prepared for postsecondary
19.30 academic and career opportunities:

19.31 (1) a preparation measure indicating the number and percentage of high school
19.32 graduates in the most recent school year who completed course work important to
19.33 preparing them for postsecondary academic and career opportunities, consistent with
19.34 the core academic subjects required for admission to Minnesota's public colleges and
19.35 universities as determined by the Office of Higher Education under chapter 136A; and

20.1 (2) a rigorous coursework measure indicating the number and percentage of high
20.2 school graduates in the most recent school year who successfully completed one or more
20.3 college-level advanced placement, international baccalaureate, postsecondary enrollment
20.4 options including concurrent enrollment, other rigorous courses of study under section
20.5 120B.021, subdivision 1a, or industry certification courses or programs.

20.6 When reporting the core measures under clauses (1) and (2), the commissioner must also
20.7 analyze and report separate categories of information using the nine student categories
20.8 identified under the federal 2001 No Child Left Behind Act and two student gender
20.9 categories of male and female, respectively, following appropriate reporting practices to
20.10 protect nonpublic student data.

20.11 (d) When reporting student performance under section 120B.36, subdivision 1, the
20.12 commissioner annually, beginning July 1, 2014, must report summary data on school
20.13 safety and students' engagement and connection at school. The summary data under this
20.14 paragraph are separate from and must not be used for any purpose related to measuring
20.15 or evaluating the performance of classroom teachers. The commissioner, in consultation
20.16 with qualified experts on student engagement and connection and classroom teachers,
20.17 must identify highly reliable variables that generate summary data under this paragraph.
20.18 The summary data may be used at school, district, and state levels only. Any data on
20.19 individuals received, collected, or created that are used to generate the summary data
20.20 under this paragraph are nonpublic data under section 13.02, subdivision 9.

20.21 (e) For purposes of statewide educational accountability, the commissioner must
20.22 identify and report measures that demonstrate the success of school districts, school sites,
20.23 charter schools, and alternative program providers in improving the graduation outcomes
20.24 of students under this paragraph. When reporting student performance under section
20.25 120B.36, subdivision 1, the commissioner, beginning July 1, 2013, must annually report
20.26 summary data on (i) the four- and six-year graduation rates of students throughout the state
20.27 who are identified as at risk of not graduating or off track to graduate, including students
20.28 who are eligible to participate in a program under section 123A.05 or 124D.68, among
20.29 other students, and (ii) the success that school districts, school sites, charter schools, and
20.30 alternative program providers experience in:

20.31 (1) identifying at-risk and off-track student populations by grade;

20.32 (2) providing successful prevention and intervention strategies for at-risk students;

20.33 (3) providing successful recuperative and recovery or reenrollment strategies for
20.34 off-track students; and

20.35 (4) improving the graduation outcomes of at-risk and off-track students.

21.1 For purposes of this paragraph, a student who is at risk of not graduating is a student
21.2 in eighth or ninth grade who meets one or more of the following criteria: first enrolled
21.3 in an English language learners program in eighth or ninth grade and may be older than
21.4 other students enrolled in the same grade; as an eighth grader, is absent from school for at
21.5 least 20 percent of the days of instruction during the school year, is two or more years
21.6 older than other students enrolled in the same grade, or fails multiple core academic
21.7 courses; or as a ninth grader, fails multiple ninth grade core academic courses in English
21.8 language arts, math, science, or social studies.

21.9 For purposes of this paragraph, a student who is off track to graduate is a student
21.10 who meets one or more of the following criteria: first enrolled in an English language
21.11 learners program in high school and is older than other students enrolled in the same grade;
21.12 is a returning dropout; is 16 or 17 years old and two or more academic years off track to
21.13 graduate; is 18 years or older and two or more academic years off track to graduate; or is
21.14 18 years or older and may graduate within one school year.

21.15 **EFFECTIVE DATE.** Paragraph (e) applies to data that are collected in the
21.16 2012-2013 school year and later and reported annually beginning July 1, 2013, consistent
21.17 with the recommendations the commissioner receives from recognized and qualified
21.18 experts on improving differentiated graduation rates, and establishing alternative routes to
21.19 a standard high school diploma for at-risk and off-track students.

21.20 Sec. 12. Minnesota Statutes 2009 Supplement, section 120B.36, subdivision 1, is
21.21 amended to read:

21.22 Subdivision 1. **School performance report cards.** (a) The commissioner
21.23 shall report student academic performance under section 120B.35, subdivision 2; the
21.24 percentages of students showing low, medium, and high growth under section 120B.35,
21.25 subdivision 3, paragraph (b); school safety and student engagement and connection
21.26 under section 120B.35, subdivision 3, paragraph (d); rigorous coursework under section
21.27 120B.35, subdivision 3, paragraph (c); the four- and six-year graduation rates of at-risk and
21.28 off-track students throughout the state under section 120B.35, subdivision 3, paragraph
21.29 (e), and the success that school districts, school sites, charter schools, and alternative
21.30 program providers experience in their efforts to improve the graduation outcomes of
21.31 those students; two separate student-to-teacher ratios that clearly indicate the definition
21.32 of teacher consistent with sections 122A.06 and 122A.15 for purposes of determining
21.33 these ratios; staff characteristics excluding salaries; student enrollment demographics;
21.34 district mobility; and extracurricular activities. The report also must indicate a school's

22.1 adequate yearly progress status, and must not set any designations applicable to high- and
22.2 low-performing schools due solely to adequate yearly progress status.

22.3 (b) The commissioner shall develop, annually update, and post on the department
22.4 Web site school performance report cards.

22.5 (c) The commissioner must make available performance report cards by the
22.6 beginning of each school year.

22.7 (d) A school or district may appeal its adequate yearly progress status in writing to
22.8 the commissioner within 30 days of receiving the notice of its status. The commissioner's
22.9 decision to uphold or deny an appeal is final.

22.10 (e) School performance report card data are nonpublic data under section 13.02,
22.11 subdivision 9, until not later than ten days after the appeal procedure described in
22.12 paragraph (d) concludes. The department shall annually post school performance report
22.13 cards to its public Web site no later than September 1.

22.14 **EFFECTIVE DATE.** This section is effective the day following final enactment
22.15 and applies to annual reports beginning July 1, 2013.

22.16 Sec. 13. Minnesota Statutes 2008, section 121A.15, subdivision 8, is amended to read:

22.17 Subd. 8. **Report.** The administrator or other person having general control and
22.18 supervision of the elementary or secondary school shall file a report with the commissioner
22.19 on all persons enrolled in the school. The superintendent of each district shall file a report
22.20 with the commissioner for all persons within the district receiving instruction in a home
22.21 school in compliance with sections 120A.22 and 120A.24. The parent of persons receiving
22.22 instruction in a home school shall submit the statements as required by subdivisions 1, 2,
22.23 3, and 4 to the superintendent of the district in which the person resides by October 1 of
22.24 ~~each school year~~ the first year of their homeschooling and the 7th grade year. The school
22.25 report must be prepared on forms developed jointly by the commissioner of health and the
22.26 commissioner of education and be distributed to the local districts by the commissioner
22.27 of health. The school report must state the number of persons attending the school, the
22.28 number of persons who have not been immunized according to subdivision 1 or 2, and
22.29 the number of persons who received an exemption under subdivision 3, clause (c) or (d).
22.30 The school report must be filed with the commissioner of education within 60 days of the
22.31 commencement of each new school term. Upon request, a district must be given a 60-day
22.32 extension for filing the school report. The commissioner of education shall forward the
22.33 report, or a copy thereof, to the commissioner of health who shall provide summary
22.34 reports to boards of health as defined in section 145A.02, subdivision 2. The administrator
22.35 or other person having general control and supervision of the child care facility shall file a

23.1 report with the commissioner of human services on all persons enrolled in the child care
23.2 facility. The child care facility report must be prepared on forms developed jointly by
23.3 the commissioner of health and the commissioner of human services and be distributed
23.4 to child care facilities by the commissioner of health. The child care facility report
23.5 must state the number of persons enrolled in the facility, the number of persons with no
23.6 immunizations, the number of persons who received an exemption under subdivision 3,
23.7 clause (c) or (d), and the number of persons with partial or full immunization histories.
23.8 The child care facility report must be filed with the commissioner of human services by
23.9 November 1 of each year. The commissioner of human services shall forward the report,
23.10 or a copy thereof, to the commissioner of health who shall provide summary reports to
23.11 boards of health as defined in section 145A.02, subdivision 2. The report required by this
23.12 subdivision is not required of a family child care or group family child care facility, for
23.13 prekindergarten children enrolled in any elementary or secondary school provided services
23.14 according to sections 125A.05 and 125A.06, nor for child care facilities in which at least
23.15 75 percent of children in the facility participate on a onetime only or occasional basis to a
23.16 maximum of 45 hours per child, per month.

23.17 Sec. 14. **[121A.215] LOCAL SCHOOL DISTRICT WELLNESS POLICIES;**
23.18 **WEB SITE.**

23.19 Where available, a school district must post its current local school wellness policy
23.20 on its Web site.

23.21 **EFFECTIVE DATE.** This section is effective August 1, 2010.

23.22 Sec. 15. Minnesota Statutes 2008, section 122A.16, is amended to read:

23.23 **122A.16 HIGHLY QUALIFIED TEACHER DEFINED.**

23.24 (a) A qualified teacher is one holding a valid license, under this chapter, to perform
23.25 the particular service for which the teacher is employed in a public school.

23.26 (b) For the purposes of the federal No Child Left Behind Act, a highly qualified
23.27 teacher is one who holds a valid license under this chapter to perform the particular service
23.28 for which the teacher is employed in a public school or who meets the requirements of a
23.29 highly objective uniform state standard of evaluation (HOUSSE).

23.30 All Minnesota teachers teaching in a core academic subject area, as defined by the
23.31 federal No Child Left Behind Act, in which they are not fully licensed may complete the
23.32 following HOUSSE process in the core subject area for which the teacher is requesting

24.1 highly qualified status by completing an application, in the form and manner described by
24.2 the commissioner, that includes:

24.3 (1) documentation of student achievement as evidenced by norm-referenced test
24.4 results that are objective and psychometrically valid and reliable;

24.5 (2) evidence of local, state, or national activities, recognition, or awards for
24.6 professional contribution to achievement;

24.7 (3) description of teaching experience in the teachers' core subject area in a public
24.8 school under a waiver, variance, limited license or other exception; nonpublic school; and
24.9 postsecondary institution;

24.10 (4) test results from the ~~Praxis II~~ subject area content test;

24.11 (5) evidence of advanced certification from the National Board for Professional
24.12 Teaching Standards;

24.13 (6) evidence of the successful completion of course work or pedagogy courses; and

24.14 (7) evidence of the successful completion of high quality professional development
24.15 activities.

24.16 Districts must assign a school administrator to serve as a HOUSSE reviewer to
24.17 meet with teachers under this paragraph and, where appropriate, certify the teachers'
24.18 applications. Teachers satisfy the definition of highly qualified when the teachers receive
24.19 at least 100 of the total number of points used to measure the teachers' content expertise
24.20 under clauses (1) to (7). Teachers may acquire up to 50 points only in any one clause (1)
24.21 to (7). Teachers may use the HOUSSE process to satisfy the definition of highly qualified
24.22 for more than one subject area.

24.23 (c) Achievement of the HOUSSE criteria is not equivalent to a license. A teacher
24.24 must obtain permission from the Board of Teaching in order to teach in a public school.

24.25 Sec. 16. Minnesota Statutes 2008, section 122A.18, subdivision 2, is amended to read:

24.26 Subd. 2. **Teacher and support personnel qualifications.** (a) The Board of
24.27 Teaching must issue licenses under its jurisdiction to persons the board finds to be
24.28 qualified and competent for their respective positions.

24.29 (b) The board must require a person to ~~successfully complete~~ pass an examination of
24.30 skills in reading, writing, and mathematics before being granted an initial teaching license
24.31 to provide direct instruction to pupils in prekindergarten, elementary, secondary, or special
24.32 education programs. The board must require colleges and universities offering a board
24.33 approved teacher preparation program to provide remedial assistance that includes a
24.34 formal diagnostic component to persons enrolled in their institution who did not achieve a
24.35 qualifying score on the skills examination, including those for whom English is a second

25.1 language. The colleges and universities must provide assistance in the specific academic
25.2 areas of deficiency in which the person did not achieve a qualifying score. School
25.3 districts must provide similar, appropriate, and timely remedial assistance that includes a
25.4 formal diagnostic component and mentoring to those persons employed by the district
25.5 who completed their teacher education program outside the state of Minnesota, received
25.6 a one-year license to teach in Minnesota and did not achieve a qualifying score on the
25.7 skills examination, including those persons for whom English is a second language. The
25.8 Board of Teaching shall report annually to the education committees of the legislature
25.9 on the total number of teacher candidates during the most recent school year taking the
25.10 skills examination, the number who achieve a qualifying score on the examination, the
25.11 number who do not achieve a qualifying score on the examination, the distribution of all
25.12 candidates' scores, the number of candidates who have taken the examination at least once
25.13 before, and the number of candidates who have taken the examination at least once before
25.14 and achieve a qualifying score.

25.15 ~~(c) A person who has completed an approved teacher preparation program and~~
25.16 ~~obtained a one-year license to teach, but has not successfully completed the skills~~
25.17 ~~examination, may renew the one-year license for two additional one-year periods. Each~~
25.18 ~~renewal of the one-year license is contingent upon the licensee:~~

25.19 ~~(1) providing evidence of participating in an approved remedial assistance program~~
25.20 ~~provided by a school district or postsecondary institution that includes a formal diagnostic~~
25.21 ~~component in the specific areas in which the licensee did not obtain qualifying scores; and~~

25.22 ~~(2) attempting to successfully complete the skills examination during the period~~
25.23 ~~of each one-year license.~~

25.24 ~~(d)~~ (c) The Board of Teaching must grant continuing licenses only to those persons
25.25 who have met board criteria for granting a continuing license, which includes ~~successfully~~
25.26 ~~completing~~ passing the skills examination in reading, writing, and mathematics.

25.27 ~~(e)~~ (d) All colleges and universities approved by the board of teaching to prepare
25.28 persons for teacher licensure must include in their teacher preparation programs a common
25.29 core of teaching knowledge and skills to be acquired by all persons recommended
25.30 for teacher licensure. This common core shall meet the standards developed by the
25.31 interstate new teacher assessment and support consortium in its 1992 "model standards for
25.32 beginning teacher licensing and development." Amendments to standards adopted under
25.33 this paragraph are covered by chapter 14. The board of teaching shall report annually to
25.34 the education committees of the legislature on the performance of teacher candidates
25.35 on common core assessments of knowledge and skills under this paragraph during the
25.36 most recent school year.

26.1 (e) The Board of Teaching must:

26.2 (1) ensure that kindergarten through grade 12 teacher licensing standards are highly
26.3 aligned with the state's kindergarten through grade 12 academic standards;

26.4 (2) adopt a review cycle that is consistent with the kindergarten through grade 12
26.5 academic standards review cycle under section 120B.023, subdivision 2; and

26.6 (3) review and align the teacher licensure standards with the kindergarten through
26.7 grade 12 academic standards within one school year after the commissioner reviews and
26.8 adopts revised kindergarten through grade 12 academic standards in a particular subject
26.9 area.

26.10 (f) All teacher preparation programs approved by the Board of Teaching must
26.11 require teacher candidates to complete at least one online course.

26.12 Sec. 17. Minnesota Statutes 2008, section 122A.23, subdivision 2, is amended to read:

26.13 Subd. 2. **Applicants licensed in other states.** (a) Subject to the requirements
26.14 of sections 122A.18, subdivision 8, and 123B.03, the Board of Teaching must issue
26.15 a teaching license or a temporary teaching license under paragraphs (b) to (e) to an
26.16 applicant who holds at least a baccalaureate degree from a regionally accredited college
26.17 or university and holds or held a similar out-of-state teaching license that requires the
26.18 applicant to successfully complete a teacher preparation program approved by the issuing
26.19 state, which includes field-specific teaching methods and student teaching or essentially
26.20 equivalent experience.

26.21 (b) The Board of Teaching must issue a teaching license to an applicant who:

26.22 (1) ~~successfully completed~~ passed all exams and ~~successfully completed~~ human
26.23 relations preparation components required by the Board of Teaching; and

26.24 (2) holds or held an out-of-state teaching license to teach the same content field and
26.25 grade levels if the scope of the out-of-state license is no more than one grade level less
26.26 than a similar Minnesota license.

26.27 (c) The Board of Teaching, consistent with board rules, must issue up to three
26.28 one-year temporary teaching licenses to an applicant who holds or held an out-of-state
26.29 teaching license to teach the same content field and grade levels, where the scope of the
26.30 out-of-state license is no more than one grade level less than a similar Minnesota license,
26.31 but has not ~~successfully completed~~ passed all exams and ~~successfully completed~~ human
26.32 relations preparation components required by the Board of Teaching.

26.33 (d) The Board of Teaching, consistent with board rules, must issue up to three
26.34 one-year temporary teaching licenses to an applicant who:

27.1 (1) ~~successfully completed~~ passed all exams and successfully completed human
27.2 relations preparation components required by the Board of Teaching; and

27.3 (2) holds or held an out-of-state teaching license to teach the same content field
27.4 and grade levels, where the scope of the out-of-state license is no more than one grade
27.5 level less than a similar Minnesota license, but has not completed field-specific teaching
27.6 methods or student teaching or equivalent experience.

27.7 The applicant may complete field-specific teaching methods and student teaching
27.8 or equivalent experience by successfully participating in a one-year school district
27.9 mentorship program consistent with board-adopted standards of effective practice and
27.10 Minnesota graduation requirements.

27.11 (e) The Board of Teaching must issue a temporary teaching license for a term of
27.12 up to three years only in the content field or grade levels specified in the out-of-state
27.13 license to an applicant who:

27.14 (1) ~~successfully completed~~ passed all exams and successfully completed human
27.15 relations preparation components required by the Board of Teaching; and

27.16 (2) holds or held an out-of-state teaching license where the out-of-state license is
27.17 more limited in the content field or grade levels than a similar Minnesota license.

27.18 (f) The Board of Teaching must not issue to an applicant more than three one-year
27.19 temporary teaching licenses under this subdivision.

27.20 (g) The Board of Teaching must not issue a license under this subdivision if the
27.21 applicant has not attained the additional degrees, credentials, or licenses required in a
27.22 particular licensure field.

27.23 Sec. 18. Minnesota Statutes 2008, section 123B.42, subdivision 1, is amended to read:

27.24 Subdivision 1. **Providing education materials and tests.** The commissioner of
27.25 education shall promulgate rules under the provisions of chapter 14 requiring that in
27.26 each school year, based upon formal requests by or on behalf of nonpublic school pupils
27.27 in a nonpublic school with enrollment that exceeds 15 students, the local districts or
27.28 intermediary service areas must purchase or otherwise acquire textbooks, individualized
27.29 instructional or cooperative learning materials, and standardized tests and loan or provide
27.30 them for use by children enrolled in that nonpublic school. These textbooks, individualized
27.31 instructional or cooperative learning materials, and standardized tests must be loaned or
27.32 provided free to the children for the school year for which requested. The loan or provision
27.33 of the textbooks, individualized instructional or cooperative learning materials, and
27.34 standardized tests shall be subject to rules prescribed by the commissioner of education.

28.1 Sec. 19. Minnesota Statutes 2008, section 123B.44, subdivision 1, is amended to read:

28.2 Subdivision 1. **Provided services.** The commissioner of education shall promulgate
28.3 rules under the provisions of chapter 14 requiring each district or other intermediary
28.4 service area: (a) to provide each year upon formal request by a specific date by or on
28.5 behalf of a nonpublic school pupil enrolled in a nonpublic school located in that district
28.6 or area with a total enrollment of more than 15 pupils, the same specific health services
28.7 as are provided for public school pupils by the district where the nonpublic school is
28.8 located; and (b) to provide each year upon formal request by a specific date by or on
28.9 behalf of a nonpublic school secondary pupil enrolled in a nonpublic school located in that
28.10 district or area, the same specific guidance and counseling services as are provided for
28.11 public school secondary pupils by the district where the nonpublic school is located. The
28.12 district where the nonpublic school is located must provide the necessary transportation
28.13 within the district boundaries between the nonpublic school and a public school or
28.14 neutral site for nonpublic school pupils who are provided pupil support services under
28.15 this section if the district elects to provide pupil support services at a site other than the
28.16 nonpublic school. Each request for pupil support services must set forth the guidance and
28.17 counseling or health services requested by or on behalf of all eligible nonpublic school
28.18 pupils enrolled in a given nonpublic school. No district or intermediary service area
28.19 must not expend an amount for these pupil support services which exceeds the amount
28.20 allotted to it under this section.

28.21 Sec. 20. Minnesota Statutes 2009 Supplement, section 124D.10, subdivision 3, is
28.22 amended to read:

28.23 Subd. 3. **Authorizer.** (a) For purposes of this section, the terms defined in this
28.24 subdivision have the meanings given them.

28.25 "Application" to receive approval as an authorizer means the proposal an eligible
28.26 authorizer submits to the commissioner under paragraph (c) before that authorizer is able
28.27 to submit any affidavit to charter to a school.

28.28 "Application" under subdivision 4 means the charter school business plan a
28.29 school developer submits to an authorizer for approval to establish a charter school that
28.30 documents the school developer's mission statement, school purposes, program design,
28.31 financial plan, governance and management structure, and background and experience,
28.32 plus any other information the authorizer requests. The application also shall include a
28.33 "statement of assurances" of legal compliance prescribed by the commissioner.

29.1 "Affidavit" means a written statement the authorizer submits to the commissioner
29.2 for approval to establish a charter school under subdivision 4 attesting to its review and
29.3 approval process before chartering a school.

29.4 "Affidavit" means the form an authorizer submits to the commissioner that is a
29.5 precondition to a charter school organizing an affiliated nonprofit building corporation
29.6 under subdivision 17a.

29.7 (b) The following organizations may authorize one or more charter schools:

29.8 (1) a school board; intermediate school district school board; education district
29.9 organized under sections 123A.15 to 123A.19;

29.10 (2) a charitable organization under section 501(c)(3) of the Internal Revenue
29.11 Code of 1986, excluding a nonpublic sectarian or religious institution; without an
29.12 approved affidavit by the commissioner prior to July 1, 2009, and any person other than a
29.13 natural person that directly or indirectly, through one or more intermediaries, controls,
29.14 is controlled by, or is under common control with the nonpublic sectarian or religious
29.15 institution, and any other charitable organization under this clause that in the federal IRS
29.16 Form 1023, Part IV, describes activities indicating a religious purpose, that:

29.17 (i) is a member of the Minnesota Council of Nonprofits or the Minnesota Council on
29.18 Foundations;

29.19 (ii) is registered with the attorney general's office;

29.20 (iii) reports an end-of-year fund balance of at least \$2,000,000; and

29.21 (iv) is incorporated in the state of Minnesota;

29.22 (3) a Minnesota private college, notwithstanding clause (2), that grants two- or
29.23 four-year degrees and is registered with the Minnesota Office of Higher Education under
29.24 chapter 136A; community college, state university, or technical college governed by the
29.25 Board of Trustees of the Minnesota State Colleges and Universities; or the University of
29.26 Minnesota; or

29.27 (4) a nonprofit corporation subject to chapter 317A, described in section 317A.905,
29.28 and exempt from federal income tax under section 501(c)(6) of the Internal Revenue Code
29.29 of 1986, may authorize one or more charter schools if the charter school has operated
29.30 for at least three years under a different authorizer and if the nonprofit corporation has
29.31 existed for at least 25 years.

29.32 (5) no more than three single-purpose sponsors that are charitable, nonsectarian
29.33 organizations formed under section 501(c)(3) of the Internal Revenue Code of 1986 and
29.34 incorporated in the state of Minnesota whose sole purpose is to charter schools. Eligible
29.35 organizations interested in being approved as a sponsor under this paragraph must submit a
29.36 proposal to the commissioner that includes the provisions of paragraph (c) and a five-year

30.1 financial plan. Such authorizers shall consider and approve applications using the criteria
30.2 provided in subdivision 4 and shall not limit the applications it solicits, considers, or
30.3 approves to any single curriculum, learning program, or method.

30.4 (c) An eligible authorizer under this subdivision must apply to the commissioner for
30.5 approval as an authorizer before submitting any affidavit to the commissioner to charter
30.6 a school. The application for approval as a charter school authorizer must demonstrate
30.7 the applicant's ability to implement the procedures and satisfy the criteria for chartering a
30.8 school under this section. The commissioner must approve or disapprove an application
30.9 within 60 business days of the application deadline. If the commissioner disapproves
30.10 the application, the commissioner must notify the applicant of the deficiencies and the
30.11 applicant then has 20 business days to address the deficiencies to the commissioner's
30.12 satisfaction. Failing to address the deficiencies to the commissioner's satisfaction makes
30.13 an applicant ineligible to be an authorizer. The commissioner, in establishing criteria for
30.14 approval, must consider the applicant's:

- 30.15 (1) capacity and infrastructure;
- 30.16 (2) application criteria and process;
- 30.17 (3) contracting process;
- 30.18 (4) ongoing oversight and evaluation processes; and
- 30.19 (5) renewal criteria and processes.

30.20 (d) The ~~affidavit~~ application for approval to be submitted to and evaluated by the
30.21 commissioner must include at least the following:

- 30.22 (1) how chartering schools is a way for the organization to carry out its mission;
- 30.23 (2) a description of the capacity of the organization to serve as a sponsor, including
30.24 the personnel who will perform the sponsoring duties, their qualifications, the amount of
30.25 time they will be assigned to this responsibility, and the financial resources allocated
30.26 by the organization to this responsibility;
- 30.27 (3) a description of the application and review process the authorizer will use to make
30.28 decisions regarding the granting of charters, which will include at least the following:
 - 30.29 (i) how the statutory purposes defined in subdivision 1 are addressed;
 - 30.30 (ii) the mission, goals, program model, and student performance expectations;
 - 30.31 (iii) an evaluation plan for the school that includes criteria for evaluating educational,
30.32 organizational, and fiscal plans;
 - 30.33 (iv) the school's governance plan;
 - 30.34 (v) the financial management plan; and
 - 30.35 (vi) the administration and operations plan;

31.1 (4) a description of the type of contract it will arrange with the schools it charters
31.2 that meets the provisions of subdivision 6 and defines the rights and responsibilities of the
31.3 charter school for governing its educational program, controlling its funds, and making
31.4 school management decisions;

31.5 (5) the process to be used for providing ongoing oversight of the school consistent
31.6 with the contract expectations specified in clause (4) that assures that the schools chartered
31.7 are complying with both the provisions of applicable law and rules, and with the contract;

31.8 (6) the process for making decisions regarding the renewal or termination of
31.9 the school's charter based on evidence that demonstrates the academic, organizational,
31.10 and financial competency of the school, including its success in increasing student
31.11 achievement and meeting the goals of the charter school agreement; and

31.12 (7) an assurance specifying that the organization is committed to serving as a
31.13 sponsor for the full five-year term.

31.14 A disapproved applicant under this paragraph may resubmit an application during a
31.15 future application period.

31.16 (e) The authorizer must participate in department-approved training.

31.17 (f) An authorizer that chartered a school before August 1, 2009, must apply by
31.18 June 30, 2011, to the commissioner for approval, under paragraph (c), to continue as an
31.19 authorizer under this section. For purposes of this paragraph, an authorizer that fails to
31.20 submit a timely application is ineligible to charter a school.

31.21 (g) The commissioner shall review an authorizer's performance every five years in
31.22 a manner and form determined by the commissioner and may review an authorizer's
31.23 performance more frequently at the commissioner's own initiative or at the request of a
31.24 charter school operator, charter school board member, or other interested party. The
31.25 commissioner, after completing the review, shall transmit a report with findings to the
31.26 authorizer. If, consistent with this section, the commissioner finds that an authorizer
31.27 has not fulfilled the requirements of this section, the commissioner may subject the
31.28 authorizer to corrective action, which may include terminating the contract with the
31.29 charter school board of directors of a school it chartered. The commissioner must notify
31.30 the authorizer in writing of any findings that may subject the authorizer to corrective
31.31 action and the authorizer then has 15 business days to request an informal hearing before
31.32 the commissioner takes corrective action.

31.33 (h) The commissioner may at any time take corrective action against an authorizer,
31.34 including terminating an authorizer's ability to charter a school for:

31.35 (1) failing to demonstrate the criteria under paragraph (c) under which the
31.36 commissioner approved the authorizer;

- 32.1 (2) violating a term of the chartering contract between the authorizer and the charter
32.2 school board of directors; or
32.3 (3) unsatisfactory performance as an approved authorizer.

32.4 Sec. 21. Minnesota Statutes 2009 Supplement, section 124D.10, subdivision 4, is
32.5 amended to read:

32.6 Subd. 4. **Formation of school.** (a) An authorizer, after receiving an application from
32.7 a school developer, may charter a licensed teacher under section 122A.18, subdivision
32.8 1, or a group of individuals that includes one or more licensed teachers under section
32.9 122A.18, subdivision 1, to operate a school subject to the commissioner's approval of the
32.10 authorizer's affidavit under paragraph (b). The school must be organized and operated
32.11 as a cooperative under chapter 308A or nonprofit corporation under chapter 317A and
32.12 the provisions under the applicable chapter shall apply to the school except as provided
32.13 in this section.

32.14 Notwithstanding sections 465.717 and 465.719, a school district, subject to this
32.15 section and section 124D.11, may create a corporation for the purpose of establishing a
32.16 charter school.

32.17 (b) Before the operators may establish and operate a school, the authorizer must file
32.18 an affidavit with the commissioner stating its intent to charter a school. An authorizer
32.19 must file a separate affidavit for each school it intends to charter. The affidavit must
32.20 state the terms and conditions under which the authorizer would charter a school and
32.21 how the authorizer intends to oversee the fiscal and student performance of the charter
32.22 school and to comply with the terms of the written contract between the authorizer
32.23 and the charter school board of directors under subdivision 6. The commissioner must
32.24 approve or disapprove the authorizer's affidavit within 60 business days of receipt of the
32.25 affidavit. If the commissioner disapproves the affidavit, the commissioner shall notify
32.26 the authorizer of the deficiencies in the affidavit and the authorizer then has 20 business
32.27 days to address the deficiencies. If the authorizer does not address deficiencies to the
32.28 commissioner's satisfaction, the commissioner's disapproval is final. Failure to obtain
32.29 commissioner approval precludes an authorizer from chartering the school that is the
32.30 subject of this affidavit.

32.31 (c) The authorizer may prevent an approved charter school from opening for
32.32 operation if, among other grounds, the charter school violates this section or does not meet
32.33 the ready-to-open standards that are part of the authorizer's oversight and evaluation
32.34 process or are stipulated in the charter school contract.

33.1 (d) The operators authorized to organize and operate a school, before entering into a
33.2 contract or other agreement for professional or other services, goods, or facilities, must
33.3 incorporate as a cooperative under chapter 308A or as a nonprofit corporation under
33.4 chapter 317A and must establish a board of directors composed of at least five members
33.5 who are not related parties until a timely election for members of the ongoing charter
33.6 school board of directors is held according to the school's articles and bylaws under
33.7 paragraph (f). A charter school board of directors must be composed of at least five
33.8 members who are not related parties. Staff members employed at the school, including
33.9 teachers providing instruction under a contract with a cooperative, and all parents or legal
33.10 guardians of children enrolled in the school are the voters eligible to elect the members
33.11 of the school's board of directors. A charter school must notify eligible voters of the
33.12 school board election dates at least 30 days before the election. Board of director meetings
33.13 must comply with chapter 13D.

33.14 (e) Upon the request of an individual, the charter school must make available in
33.15 a timely fashion the minutes of meetings of the board of directors, and of members
33.16 and committees having any board-delegated authority; financial statements showing all
33.17 operations and transactions affecting income, surplus, and deficit during the school's last
33.18 annual accounting period; and a balance sheet summarizing assets and liabilities on the
33.19 closing date of the accounting period. A charter school also must post on its official Web
33.20 site information identifying its authorizer and indicate how to contact that authorizer and
33.21 include that same information about its authorizer in other school materials that it makes
33.22 available to the public.

33.23 (f) Every charter school board member shall attend department-approved training
33.24 on board governance, the board's role and responsibilities, employment policies and
33.25 practices, and financial management. A board member who does not begin the required
33.26 training within six months of being seated and complete the required training within 12
33.27 months of being seated on the board is ineligible to continue to serve as a board member.

33.28 (g) The ongoing board must be elected before the school completes its third year
33.29 of operation. Board elections must be held during a time when school is in session. The
33.30 charter school board of directors shall be composed of at least five nonrelated members
33.31 and include: (i) at least one licensed teacher employed and serving as a teacher at the
33.32 school or a licensed teacher providing instruction under a ~~contract~~ contract between the
33.33 charter school and a cooperative; (ii) the parent or legal guardian of a student enrolled
33.34 in the charter school who is not employed by the charter school; and (iii) an interested
33.35 community member who is not employed by the charter school and does not have a child
33.36 enrolled in the school. The board may be a teacher majority board composed of teachers

34.1 described in this paragraph. The chief financial officer and the chief administrator ~~are~~ may
34.2 only serve as ex-officio nonvoting board members and shall not serve as a voting member
34.3 of the board. Charter school employees shall not serve on the board unless item (i) applies.
34.4 Contractors providing facilities, goods, or services to a charter school shall not serve on
34.5 the board of directors of the charter school. Board bylaws shall outline the process and
34.6 procedures for changing the board's governance model, consistent with chapter 317A. A
34.7 board may change its governance model only:

34.8 (1) by a majority vote of the board of directors and the licensed teachers employed
34.9 by the school, including licensed teachers providing instruction under a contract between
34.10 the school and a cooperative; and

34.11 (2) with the authorizer's approval.

34.12 Any change in board governance must conform with the board structure established
34.13 under this paragraph.

34.14 (h) The granting or renewal of a charter by an authorizer must not be conditioned
34.15 upon the bargaining unit status of the employees of the school.

34.16 (i) The granting or renewal of a charter school by an authorizer must not be
34.17 contingent on the charter school being required to contract, lease, or purchase services
34.18 from the authorizer. Any potential contract, lease, or purchase of service from an
34.19 authorizer must be disclosed to the commissioner, accepted through an open bidding
34.20 process, and be a separate contract from the charter contract. The school must document
34.21 the open bidding process. An authorizer must not enter into a contract to provide
34.22 management and financial services for a school that it authorizes, unless the school
34.23 documents that it received at least two competitive bids.

34.24 (j) An authorizer may permit the board of directors of a charter school to expand
34.25 the operation of the charter school to additional sites or to add additional grades at the
34.26 school beyond those described in the authorizer's original affidavit as approved by
34.27 the commissioner only after submitting a supplemental affidavit for approval to the
34.28 commissioner in a form and manner prescribed by the commissioner. The supplemental
34.29 affidavit must show that:

34.30 (1) the expansion proposed by the charter school is supported by need and projected
34.31 enrollment;

34.32 (2) the charter school expansion is warranted, at a minimum, by longitudinal data
34.33 demonstrating students' improved academic performance and growth on statewide
34.34 assessments under chapter 120B;

34.35 (3) the charter school is fiscally sound and has the financial capacity to implement
34.36 the proposed expansion; and

35.1 (4) the authorizer finds that the charter school has the management capacity to
35.2 carry out its expansion.

35.3 (k) The commissioner shall have 30 business days to review and comment on the
35.4 supplemental affidavit. The commissioner shall notify the authorizer of any deficiencies in
35.5 the supplemental affidavit and the authorizer then has 30 business days to address, to the
35.6 commissioner's satisfaction, any deficiencies in the supplemental affidavit. The school
35.7 may not expand grades or add sites until the commissioner has approved the supplemental
35.8 affidavit. The commissioner's approval or disapproval of a supplemental affidavit is final.

35.9 Sec. 22. Minnesota Statutes 2009 Supplement, section 124D.10, subdivision 6a,
35.10 is amended to read:

35.11 Subd. 6a. **Audit report.** (a) The charter school must submit an audit report to the
35.12 commissioner and its authorizer by December 31 each year.

35.13 (b) The charter school, with the assistance of the auditor conducting the audit, must
35.14 include with the report a copy of all charter school agreements for corporate management
35.15 services. If the entity that provides the professional services to the charter school is
35.16 exempt from taxation under section 501 of the Internal Revenue Code of 1986, that entity
35.17 must file with the commissioner by February 15 a copy of the annual return required under
35.18 section 6033 of the Internal Revenue Code of 1986.

35.19 (c) If the commissioner receives an audit report indicating that a material weakness
35.20 exists in the financial reporting systems of a charter school, the charter school must
35.21 submit a written report to the commissioner explaining how the material weakness will
35.22 be resolved. An entity, as a condition of providing financial services to a charter school,
35.23 must agree to make available information about a charter school's financial audit to the
35.24 commissioner upon request.

35.25 Sec. 23. Minnesota Statutes 2009 Supplement, section 124D.10, subdivision 23,
35.26 is amended to read:

35.27 Subd. 23. **Causes for nonrenewal or termination of charter school contract.** (a)
35.28 The duration of the contract with an authorizer must be for the term contained in the
35.29 contract according to subdivision 6. The authorizer may or may not renew a contract at
35.30 the end of the term for any ground listed in paragraph (b). An authorizer may unilaterally
35.31 terminate a contract during the term of the contract for any ground listed in paragraph
35.32 (b). At least 60 days before not renewing or terminating a contract, the authorizer shall
35.33 notify the board of directors of the charter school of the proposed action in writing. The
35.34 notice shall state the grounds for the proposed action in reasonable detail and that the

36.1 charter school's board of directors may request in writing an informal hearing before the
36.2 authorizer within 15 business days of receiving notice of nonrenewal or termination of the
36.3 contract. Failure by the board of directors to make a written request for a hearing within
36.4 the 15-business-day period shall be treated as acquiescence to the proposed action. Upon
36.5 receiving a timely written request for a hearing, the authorizer shall give ten business days'
36.6 notice to the charter school's board of directors of the hearing date. The authorizer shall
36.7 conduct an informal hearing before taking final action. The authorizer shall take final
36.8 action to renew or not renew a contract no later than 20 business days before the proposed
36.9 date for terminating the contract or the end date of the contract.

36.10 (b) A contract may be terminated or not renewed upon any of the following grounds:
36.11 (1) failure to meet the requirements for pupil performance contained in the contract;
36.12 (2) failure to meet generally accepted standards of fiscal management;
36.13 (3) violations of law; or
36.14 (4) other good cause shown.

36.15 If a contract is terminated or not renewed under this paragraph, the school must be
36.16 dissolved according to the applicable provisions of chapter 308A or 317A.

36.17 (c) If the sponsor and the charter school board of directors mutually agree to
36.18 terminate or not renew the contract, a change in sponsors is allowed if the commissioner
36.19 approves the transfer to a different eligible authorizer to authorize the charter school.
36.20 Both parties must jointly submit their intent in writing to the commissioner to mutually
36.21 terminate the contract. The sponsor that is a party to the existing contract at least must
36.22 inform the approved different eligible sponsor about the fiscal and operational status
36.23 and student performance of the school. Before the commissioner determines whether
36.24 to approve a transfer of authorizer, the commissioner first must determine whether the
36.25 charter school and prospective new authorizer can identify and effectively resolve those
36.26 circumstances causing the previous authorizer and the charter school to mutually agree to
36.27 terminate the contract. If no transfer of sponsor is approved, the school must be dissolved
36.28 according to applicable law and the terms of the contract.

36.29 (d) The commissioner, after providing reasonable notice to the board of directors of
36.30 a charter school and the existing authorizer, and after providing an opportunity for a public
36.31 hearing under chapter 14, may terminate the existing contract between the authorizer and
36.32 the charter school board if the charter school has a history of:

36.33 (1) failure to meet pupil performance requirements ~~contained in the contract~~
36.34 consistent with state law;

36.35 (2) financial mismanagement or failure to meet generally accepted standards of
36.36 fiscal management; or

37.1 (3) ~~repeated or major~~ violations of the law.

37.2 (e) If the commissioner terminates a charter school contract under subdivision 3,
37.3 paragraph (g), the commissioner shall provide the charter school with information about
37.4 other eligible authorizers.

37.5 Sec. 24. Minnesota Statutes 2008, section 171.05, subdivision 2, is amended to read:

37.6 Subd. 2. **Person less than 18 years of age.** (a) Notwithstanding any provision
37.7 in subdivision 1 to the contrary, the department may issue an instruction permit to an
37.8 applicant who is 15, 16, or 17 years of age and who:

37.9 (1) has completed a course of driver education in another state, has a previously
37.10 issued valid license from another state, or is enrolled in either:

37.11 (i) a public, private, or commercial driver education program that is approved by
37.12 the commissioner of public safety and that includes classroom and behind-the-wheel
37.13 training; or

37.14 (ii) an approved behind-the-wheel driver education program when the student is
37.15 receiving full-time instruction in a home school within the meaning of sections 120A.22
37.16 and 120A.24, the student is working toward a homeschool diploma, ~~the student's status~~
37.17 ~~as a homeschool student has been certified by the superintendent of the school district in~~
37.18 ~~which the student resides, and the student is taking home-classroom driver training with~~
37.19 ~~classroom materials approved by the commissioner of public safety, and the student's~~
37.20 parent has certified the student's homeschool and home-classroom driver training status on
37.21 the form approved by the commissioner;

37.22 (2) has completed the classroom phase of instruction in the driver education program;

37.23 (3) has passed a test of the applicant's eyesight;

37.24 (4) has passed a department-administered test of the applicant's knowledge of traffic
37.25 laws;

37.26 (5) has completed the required application, which must be approved by (i) either
37.27 parent when both reside in the same household as the minor applicant or, if otherwise, then
37.28 (ii) the parent or spouse of the parent having custody or, in the event there is no court order
37.29 for custody, then (iii) the parent or spouse of the parent with whom the minor is living
37.30 or, if items (i) to (iii) do not apply, then (iv) the guardian having custody of the minor or,
37.31 in the event a person under the age of 18 has no living father, mother, or guardian, or is
37.32 married or otherwise legally emancipated, then (v) the applicant's adult spouse, adult close
37.33 family member, or adult employer; provided, that the approval required by this clause
37.34 contains a verification of the age of the applicant and the identity of the parent, guardian,
37.35 adult spouse, adult close family member, or adult employer; and

38.1 (6) has paid the fee required in section 171.06, subdivision 2.

38.2 (b) For the purposes of determining compliance with the certification of paragraph
38.3 (a), clause (1), item (ii), the commissioner may request verification of a student's
38.4 homeschool status from the superintendent of the school district in which the student
38.5 resides and the superintendent shall provide that verification.

38.6 (c) The instruction permit is valid for two years from the date of application and
38.7 may be renewed upon payment of a fee equal to the fee for issuance of an instruction
38.8 permit under section 171.06, subdivision 2.

38.9 Sec. 25. Minnesota Statutes 2008, section 171.17, subdivision 1, is amended to read:

38.10 Subdivision 1. **Offenses.** (a) The department shall immediately revoke the license
38.11 of a driver upon receiving a record of the driver's conviction of:

38.12 (1) manslaughter resulting from the operation of a motor vehicle or criminal
38.13 vehicular homicide or injury under section 609.21;

38.14 (2) a violation of section 169A.20 or 609.487;

38.15 (3) a felony in the commission of which a motor vehicle was used;

38.16 (4) failure to stop and disclose identity and render aid, as required under section
38.17 169.09, in the event of a motor vehicle accident, resulting in the death or personal injury
38.18 of another;

38.19 (5) perjury or the making of a false affidavit or statement to the department under
38.20 any law relating to the application, ownership or operation of a motor vehicle, including
38.21 on the certification required under section 171.05, subdivision 2, clause (1), item (ii), to
38.22 issue an instruction permit to a homeschool student;

38.23 (6) except as this section otherwise provides, three charges of violating within a
38.24 period of 12 months any of the provisions of chapter 169 or of the rules or municipal
38.25 ordinances enacted in conformance with chapter 169, for which the accused may be
38.26 punished upon conviction by imprisonment;

38.27 (7) two or more violations, within five years, of the misdemeanor offense described
38.28 in section 169.444, subdivision 2, paragraph (a);

38.29 (8) the gross misdemeanor offense described in section 169.444, subdivision 2,
38.30 paragraph (b);

38.31 (9) an offense in another state that, if committed in this state, would be grounds for
38.32 revoking the driver's license; or

38.33 (10) a violation of an applicable speed limit by a person driving in excess of 100
38.34 miles per hour. The person's license must be revoked for six months for a violation of

39.1 this clause, or for a longer minimum period of time applicable under section 169A.53,
39.2 169A.54, or 171.174.

39.3 (b) The department shall immediately revoke the school bus endorsement of a driver
39.4 upon receiving a record of the driver's conviction of the misdemeanor offense described in
39.5 section 169.443, subdivision 7.

39.6 Sec. 26. Minnesota Statutes 2008, section 171.22, subdivision 1, is amended to read:

39.7 Subdivision 1. **Violations.** With regard to any driver's license, including a
39.8 commercial driver's license, it shall be unlawful for any person:

39.9 (1) to display, cause or permit to be displayed, or have in possession, any fictitious
39.10 or fraudulently altered driver's license or Minnesota identification card;

39.11 (2) to lend the person's driver's license or Minnesota identification card to any other
39.12 person or knowingly permit the use thereof by another;

39.13 (3) to display or represent as one's own any driver's license or Minnesota
39.14 identification card not issued to that person;

39.15 (4) to use a fictitious name or date of birth to any police officer or in any application
39.16 for a driver's license or Minnesota identification card, or to knowingly make a false
39.17 statement, or to knowingly conceal a material fact, or otherwise commit a fraud in any
39.18 such application;

39.19 (5) to alter any driver's license or Minnesota identification card;

39.20 (6) to take any part of the driver's license examination for another or to permit
39.21 another to take the examination for that person;

39.22 (7) to make a counterfeit driver's license or Minnesota identification card;

39.23 (8) to use the name and date of birth of another person to any police officer for the
39.24 purpose of falsely identifying oneself to the police officer; ~~or~~

39.25 (9) to display as a valid driver's license any canceled, revoked, or suspended driver's
39.26 license. A person whose driving privileges have been withdrawn may display a driver's
39.27 license only for identification purposes; or

39.28 (10) to submit a false affidavit or statement to the department on the certification
39.29 required under section 171.05, subdivision 2, clause (1), item (ii), to issue an instruction
39.30 permit to a homeschool student.

39.31 Sec. 27. Minnesota Statutes 2008, section 181A.05, subdivision 1, is amended to read:

39.32 Subdivision 1. **When issued.** Any minor 14 or 15 years of age who wishes to work
39.33 on school days during school hours shall first secure an employment certificate. The
39.34 certificate shall be issued only by the school district superintendent, the superintendent's

40.1 agent, ~~or~~ some other person designated by the Board of Education, or by the person in
40.2 charge of providing instruction for students enrolled in nonpublic schools as defined in
40.3 section 120A.22, subdivision 4. The employment certificate shall be issued only for
40.4 a specific position with a designated employer and shall be issued only in the following
40.5 circumstances:

40.6 (1) if a minor is to be employed in an occupation not prohibited by rules promulgated
40.7 under section 181A.09 and as evidence thereof presents a signed statement from the
40.8 prospective employer; and

40.9 (2) if the parent or guardian of the minor consents to the employment; and

40.10 (3) if the issuing officer believes the minor is physically capable of handling the job
40.11 in question and further believes the best interests of the minor will be served by permitting
40.12 the minor to work.

40.13 Sec. 28. Laws 2009, chapter 96, article 2, section 67, subdivision 14, is amended to
40.14 read:

40.15 Subd. 14. **Collaborative urban educator.** For the collaborative urban educator
40.16 grant program:

40.17 \$ 528,000 2010

40.18 \$ 528,000 2011

40.19 \$210,000 each year is for the Southeast Asian teacher program at Concordia
40.20 University, St. Paul; \$159,000 each year is for the collaborative urban educator program at
40.21 the University of St. Thomas; and \$159,000 each year is for the Center for Excellence in
40.22 Urban Teaching at Hamline University. Grant recipients must collaborate with urban and
40.23 nonurban school districts. Any balance in the first year does not cancel but is available
40.24 in the second year.

40.25 **EFFECTIVE DATE.** This section is effective the day following final enactment.

40.26 Sec. 29. **IMPLEMENTING DIFFERENTIATED GRADUATION RATE**
40.27 **MEASURES AND EXPLORING ALTERNATIVE ROUTES TO A STANDARD**
40.28 **DIPLOMA FOR AT-RISK AND OFF-TRACK STUDENTS.**

40.29 (a) To implement the requirements of Minnesota Statutes, section 120B.35,
40.30 subdivision 3, paragraph (e), the commissioner of education must convene a group
40.31 of recognized and qualified experts on improving differentiated graduation rates and
40.32 establishing alternative routes to a standard high school diploma for at-risk and off-track
40.33 students throughout the state. The commissioner must assist the group, as requested,
40.34 to explore and recommend to the commissioner and the legislature (i) research-based

41.1 measures that demonstrate the relative success of school districts, school sites, charter
41.2 schools, and alternative program providers in improving the graduation outcomes of
41.3 at-risk and off-track students, and (ii) state options for establishing alternative routes to a
41.4 standard diploma consistent with the educational accountability system under Minnesota
41.5 Statutes, chapter 120B. When proposing alternative routes to a standard diploma, the
41.6 group also must identify highly reliable variables that generate summary data to comply
41.7 with Minnesota Statutes, section 120B.35, subdivision 3, paragraph (e), including: who
41.8 initiates the request for an alternative route; who approves the request for an alternative
41.9 route; the parameters of the alternative route process, including whether a student first
41.10 must fail a regular, state-mandated exam; and the comparability of the academic and
41.11 achievement criteria reflected in the alternative route and the standard route for a standard
41.12 diploma. The group is also encouraged to identify the data, time lines, and methods
41.13 needed to evaluate and report on the alternative routes to a standard diploma once they are
41.14 implemented and the student outcomes that result from those routes.

41.15 (b) The commissioner must convene the first meeting of this group by September
41.16 15, 2010. Group members must include: one administrator of, one teacher from, and
41.17 one parent of a student currently enrolled in a state-approved alternative program
41.18 selected by the Minnesota Association of Alternative Programs; one representative
41.19 selected by the Minnesota Online Learning Alliance; one representative selected by
41.20 the Metropolitan Federation of Alternative Schools; one representative selected by the
41.21 Minnesota Association of Charter Schools; one representative selected by the Minnesota
41.22 School Board Association; one representative selected by Education Minnesota; one
41.23 representative selected by the Association of Metropolitan School Districts; one
41.24 representative selected by the Minnesota Rural Education Association; two faculty
41.25 members selected by the dean of the college of education at the University of Minnesota
41.26 with expertise in serving and assessing at-risk and off-track students; two Minnesota State
41.27 Colleges and Universities faculty members selected by the Minnesota State Colleges
41.28 and Universities chancellor with expertise in serving and assessing at-risk and off-track
41.29 students; one currently serving superintendent from a school district selected by the
41.30 Minnesota Association of School Administrators; one currently serving high school
41.31 principal selected by the Minnesota Association of Secondary School Principals; and
41.32 two public members selected by the commissioner. The group may seek input from
41.33 representatives of other interested stakeholders and organizations with expertise to help
41.34 inform the group's work. The group must meet at least quarterly. Group members do not
41.35 receive compensation or reimbursement of expenses for participating in this group. The
41.36 group expires February 16, 2012.

42.1 (c) The group, by February 15, 2012, must develop and submit to the commissioner
42.2 and the education policy and finance committees of the legislature recommendations
42.3 and legislation, consistent with this section and Minnesota Statutes, section 120B.35,
42.4 subdivision 3, paragraph (e), for:

42.5 (1) measuring and reporting differentiated graduation rates for at-risk and off-track
42.6 students throughout the state and the success and costs that school districts, school sites,
42.7 charter schools, and alternative program providers experience in identifying and serving
42.8 at-risk or off-track student populations; and

42.9 (2) establishing alternative routes to a standard diploma.

42.10 **EFFECTIVE DATE.** This section is effective the day following final enactment
42.11 and applies to school report cards beginning July 1, 2013.

42.12 Sec. 30. **RULEMAKING AUTHORITY.**

42.13 The commissioner of education shall adopt rules consistent with chapter 14 that
42.14 provide English language proficiency standards for instruction of students identified
42.15 as limited English proficient under Minnesota Statutes, sections 124D.58 to 124D.64.

42.16 The English language proficiency standards must encompass the language domains of
42.17 listening, speaking, reading, and writing. The English language proficiency standards must
42.18 reflect social and academic dimensions of acquiring a second language that are accepted
42.19 of English language learners in prekindergarten through grade 12. The English language
42.20 proficiency standards must address the specific contexts for language acquisition in the
42.21 areas of social and instructional settings as well as academic language encountered in
42.22 language arts, mathematics, science, and social studies. The English language proficiency
42.23 standards must express the progression of language development through language
42.24 proficiency levels. The English language proficiency standards must be implemented
42.25 for all limited English proficient students beginning in the 2011-2012 school year and
42.26 assessed beginning in the 2012-2013 school year.

42.27 Sec. 31. **DEPARTMENT OF EDUCATION.**

42.28 Subdivision 1. **Recess guidelines.** The department is encouraged to develop
42.29 voluntary school district guidelines that promote high quality recess practices and foster
42.30 student behaviors that lead students to increase their activity levels, improve their social
42.31 skills, and misbehave less.

43.1 Subd. 2. **Common course catalogue.** The department is encouraged to include
43.2 in the Minnesota common course catalogue all district physical education classes and
43.3 physical education graduation requirements.

43.4 Subd. 3. **Standards adoption.** Notwithstanding Minnesota Statutes, sections
43.5 120B.021, subdivision 2, and 120B.023, any statutory criteria required when reviewing or
43.6 revising standards and benchmarks, any requirements governing the content of statewide
43.7 standards, and any other law to the contrary, the commissioner of education shall initially
43.8 adopt the most recent standards developed by the National Association for Sport and
43.9 Physical Education for physical education in kindergarten through grade 12.

43.10 **EFFECTIVE DATE.** This section is effective the day following final enactment.

43.11 Sec. 32. **HEALTHY KIDS AWARDS PROGRAM.**

43.12 Subdivision 1. **Recognition.** The healthy kids awards program rewards kindergarten
43.13 through grade 12 students for their nutritional well-being and physical activity. In addition
43.14 to the physical and nutritional education students receive in physical education classes,
43.15 the program is intended to integrate physical activity and nutritional education into
43.16 nonphysical education classes, recess, and extracurricular activities throughout the day.
43.17 Interested schools must agree to participate from October through May of each school year.

43.18 Subd. 2. **School district participation.** School districts annually by September
43.19 15 may submit to the commissioner of education a letter of intent to participate in a
43.20 healthy kids awards program from October to May during the current school year. The
43.21 commissioner must recognize on the school performance report card under Minnesota
43.22 Statutes, section 120B.36, those schools and districts that affirm to the commissioner, as
43.23 prescribed by the commissioner, that at least 75 percent of students in the school or district
43.24 are physically active for at least 60 minutes each school day. The time students spend
43.25 participating in a physical education class counts toward the daily 60-minute requirement.

43.26 **EFFECTIVE DATE.** This section is effective the day following final enactment
43.27 and applies beginning in the 2010-2011 school year and later.

43.28 Sec. 33. **ASSESSMENT ADVISORY COMMITTEE; RECOMMENDATIONS.**

43.29 (a) The Assessment Advisory Committee must develop recommendations for
43.30 alternative methods by which students satisfy the high school algebra end-of-course
43.31 requirements under Minnesota Statutes, section 120B.30, subdivision 1b, paragraph (b),
43.32 clause (9), and demonstrate their college and career readiness. The Assessment Advisory

44.1 Committee, among other alternative methods and if consistent with federal educational
44.2 accountability law, must consider allowing students to:

44.3 (1) achieve the mathematics college readiness score on the American College Test
44.4 (ACT) or Scholastic Aptitude Test (SAT) exam;

44.5 (2) achieve a college-credit score on a College-Level Examination Program (CLEP)
44.6 for algebra;

44.7 (3) achieve a score on an equivalent Advanced Placement or International
44.8 Baccalaureate exam that would earn credit at a four-year college or university; or

44.9 (4) pass a credit-bearing course in college algebra or a more advanced course in that
44.10 subject with a grade of C or better under Minnesota Statutes, section 124D.09, including
44.11 Minnesota Statutes, section 124D.09, subdivision 10.

44.12 (b) The Assessment Advisory Committee, in the context of the high school algebra
44.13 end-of-course assessment under Minnesota Statutes, section 120B.30, subdivision 1b, may
44.14 develop recommendations on integrating universal design principles to improve access
44.15 to learning and assessments for all students, more accurately understand what students
44.16 know and can do, provide Minnesota with more cost-effective assessments, and provide
44.17 educators with more valid inferences about students' achievement levels.

44.18 (c) The Assessment Advisory Committee, for purposes of fully implementing the
44.19 high school algebra end-of-course assessment under Minnesota Statutes, section 120B.30,
44.20 subdivision 1b, also must develop recommendations for:

44.21 (1) calculating the alignment index, including how questions about validity and
44.22 reliability are resolved; and

44.23 (2) defining "misaligned" and "highly misaligned" and when and under what specific
44.24 circumstances misalignments occur.

44.25 (d) By February 15, 2011, the Assessment Advisory Committee must submit its
44.26 recommendations under this section to the education commissioner and the education
44.27 policy and finance committees of the legislature.

44.28 (e) The commissioner must not implement any element of any recommendation
44.29 under paragraphs (a) to (d) related to the high school algebra end-of-course assessment
44.30 under Minnesota Statutes, section 120B.30, subdivision 1b, without first receiving specific
44.31 legislative authority to do so.

44.32 **EFFECTIVE DATE.** This section is effective the day following final enactment.

44.33 **Sec. 34. PERSISTENTLY LOWEST-ACHIEVING SCHOOL DESIGNATION;**
44.34 **FEDERAL SCHOOL IMPROVEMENT GRANTS.**

45.1 Upon request of a traditional public or charter school, the commissioner shall seek
45.2 an exception from the United States Department of Education, to the extent it is permitted
45.3 under the school improvement grant requirements, from the designation as a persistently
45.4 lowest-achieving school if the school has shown student growth in proficiency from 2007
45.5 through 2010 of over 50 percent in the high-growth category under the Minnesota growth
45.6 model under Minnesota Statutes, section 120B.299. A traditional public or charter school
45.7 may only request this exemption if it is identified as a persistently lowest-achieving
45.8 school under the graduation rate definition or if the school has an approved program
45.9 under Minnesota Statutes, section 124D.68.

45.10 **EFFECTIVE DATE.** This section is effective the day following final enactment.

45.11 Sec. 35. **REPEALER.**

45.12 Minnesota Statutes 2008, section 120A.26, subdivisions 1 and 2, are repealed.

45.13 **ARTICLE 3**

45.14 **SPECIAL PROGRAMS**

45.15 Section 1. Minnesota Statutes 2009 Supplement, section 125A.02, subdivision 1,
45.16 is amended to read:

45.17 Subdivision 1. **Child with a disability.** "Child with a disability" means a child
45.18 identified under federal and state special education law as ~~having a hearing impairment,~~
45.19 ~~blindness, visual disability, deaf or hard-of-hearing, blind or visually impaired, deafblind,~~
45.20 ~~or having a~~ speech or language impairment, ~~a physical disability impairment,~~ other health
45.21 ~~impairment disability, mental developmental cognitive disability, emotional/behavioral an~~
45.22 ~~emotional or behavioral~~ disorder, specific learning disability, autism spectrum disorder,
45.23 traumatic brain injury, ~~or severe multiple disabilities impairments, or deafblind disability~~
45.24 ~~and~~ who needs special education and related services, as determined by the rules of the
45.25 commissioner, ~~is a child with a disability.~~ A licensed physician, an advanced practice
45.26 nurse, or a licensed psychologist is qualified to make a diagnosis and determination
45.27 of attention deficit disorder or attention deficit hyperactivity disorder for purposes of
45.28 identifying a child with a disability.

45.29 **EFFECTIVE DATE.** This section is effective July 1, 2010.

45.30 Sec. 2. Minnesota Statutes 2008, section 125A.03, is amended to read:

45.31 **125A.03 SPECIAL INSTRUCTION FOR CHILDREN WITH A DISABILITY.**

46.1 (a) ~~As defined~~ Except as provided in paragraph (b), every district must provide or
46.2 make available special instruction education and related services, either within the district
46.3 or in another district, for ~~all children~~ every child with a disability, ~~including providing~~
46.4 ~~required services under Code of Federal Regulations, title 34, section 300.121, paragraph~~
46.5 ~~(d), to those children suspended or expelled from school for more than ten school days~~
46.6 ~~in that school year, who are residents~~ is a resident of the district ~~and who are disabled as~~
46.7 ~~set forth in section 125A.02~~ from birth until that child becomes 21 years old or receives
46.8 a regular high school diploma, whichever comes first. For purposes of state and federal
46.9 ~~special education laws~~, The phrase "special instruction education and related services"
46.10 ~~in the state Education Code~~ means a free and appropriate public education provided to an
46.11 eligible child with disabilities ~~and includes special education and related services defined~~
46.12 ~~in the Individuals with Disabilities Education Act, subpart A, section 300.24~~ a disability.

46.13 (b) ~~Notwithstanding any age limits in laws to the contrary, special instruction and~~
46.14 ~~services must be provided from birth until July 1 after the child with a disability becomes~~
46.15 ~~21 years old but shall not extend beyond secondary school or its equivalent, except as~~
46.16 ~~provided in section 124D.68, subdivision 2.~~ If a child with a disability becomes 21 years
46.17 old during the school year, the district shall continue to make available special education
46.18 and related services until the last day of the school year, or until the day the child receives
46.19 a regular high school diploma, whichever comes first.

46.20 (c) For purposes of this section and section 121A.41, subdivision 7, paragraph (a),
46.21 clause (2), "school year" means the days of student instruction designated by the school
46.22 board as the regular school year in the annual calendar adopted under section 120A.41.

46.23 (d) A district shall identify, locate, and evaluate children with a disability in the
46.24 district who are in need of special education and related services. Local health, education,
46.25 and social service agencies must refer children under age five who are known to need or
46.26 suspected of needing special instruction education and related services to the school
46.27 district. ~~Districts with less than the minimum number of eligible children with a disability~~
46.28 ~~as determined by the commissioner must cooperate with other districts to maintain a full~~
46.29 ~~range of programs for education and services for children with a disability. This section~~
46.30 ~~does not alter the compulsory attendance requirements of section 120A.22.~~

46.31 **EFFECTIVE DATE.** This section is effective July 1, 2010.

46.32 **Sec. 3. [125A.031] RESOLVING DISPUTES AMONG DISTRICTS.**

46.33 If districts dispute which district is responsible for providing or making available
46.34 special education and related services to a child with a disability who is not currently
46.35 enrolled in a district because the child's district of residence is disputed, the district in

47.1 which that child first tries to enroll shall provide or make available special education
47.2 and related services to the child until the commissioner is notified and expeditiously
47.3 resolves the dispute. For purposes of this section, "district" means a school district or a
47.4 charter school.

47.5 Sec. 4. Minnesota Statutes 2009 Supplement, section 125A.091, subdivision 7, is
47.6 amended to read:

47.7 Subd. 7. **Conciliation conference.** A parent must have an opportunity to meet with
47.8 appropriate district staff in at least one conciliation conference if the parent objects to
47.9 any proposal of which the parent receives notice under subdivision 3a. A district must
47.10 offer to hold a conciliation conference within two business days after receiving a parent's
47.11 objection to a proposal or refusal in the prior written notice. The district must hold the
47.12 conciliation conference within ten calendar days from the date the district receives a the
47.13 parent's objection to a proposal or refusal in the prior written notice. Except as provided
47.14 in this section, all discussions held during a conciliation conference are confidential
47.15 and are not admissible in a due process hearing. Within five school days after the final
47.16 conciliation conference, the district must prepare and provide to the parent a conciliation
47.17 conference memorandum that describes the district's final proposed offer of service. This
47.18 memorandum is admissible in evidence in any subsequent proceeding.

47.19 **EFFECTIVE DATE.** This section is effective the day following final enactment
47.20 and applies to all conciliation conferences required after that date.

47.21 Sec. 5. Minnesota Statutes 2008, section 125A.21, subdivision 2, is amended to read:

47.22 Subd. 2. **Third party reimbursement.** (a) Beginning July 1, 2000, districts shall
47.23 seek reimbursement from insurers and similar third parties for the cost of services
47.24 provided by the district whenever the services provided by the district are otherwise
47.25 covered by the child's health coverage. Districts shall request, but may not require, the
47.26 child's family to provide information about the child's health coverage when a child with a
47.27 disability begins to receive services from the district of a type that may be reimbursable,
47.28 and shall request, but may not require, updated information after that as needed.

47.29 (b) For children enrolled in medical assistance under chapter 256B or MinnesotaCare
47.30 under chapter 256L who have no other health coverage, a district shall provide an initial
47.31 written notice to the enrolled child's parent or legal representative of its intent to seek
47.32 reimbursement from medical assistance or MinnesotaCare for the individual education
47.33 plan health-related services provided by the district. The notice shall include:

48.1 (1) the right of the parent or legal representative to request a copy of all records
48.2 concerning individualized education program health-related services disclosed by the
48.3 district to any third party;

48.4 (2) the right of the parent or legal representative to withdraw consent for disclosing a
48.5 child's records at any time without consequence, including consent that was initially
48.6 given as part of the application process for MinnesotaCare or medical assistance under
48.7 section 256B.08, subdivision 1; and

48.8 (3) a decision to revoke consent for schools to share information from education
48.9 records does not impact a parent's eligibility for MinnesotaCare or medical assistance.

48.10 (c) The district shall give the parent or legal representative annual written notice of:

48.11 (1) the district's intent to seek reimbursement from medical assistance or
48.12 MinnesotaCare for individual education plan health-related services provided by the
48.13 district;

48.14 (2) the right of the parent or legal representative to request a copy of all records
48.15 concerning individual education plan health-related services disclosed by the district to
48.16 any third party; and

48.17 (3) the right of the parent or legal representative to withdraw consent for disclosure
48.18 of a child's records at any time without consequence, including consent that was initially
48.19 given as part of the application process for MinnesotaCare or medical assistance under
48.20 section 256B.08, subdivision 1.

48.21 The written notice shall be provided as part of the written notice required by Code of
48.22 Federal Regulations, title 34, section 300.504.

48.23 (d) In order to access the private health care coverage of a child who is covered by
48.24 private health care coverage in whole or in part, a district must:

48.25 (1) obtain annual written informed consent from the parent or legal representative, in
48.26 compliance with subdivision 5; and

48.27 (2) inform the parent or legal representative that a refusal to permit the district
48.28 or state Medicaid agency to access their private health care coverage does not relieve
48.29 the district of its responsibility to provide all services necessary to provide free and
48.30 appropriate public education at no cost to the parent or legal representative.

48.31 (e) If the commissioner of human services obtains federal approval to exempt
48.32 covered individual education plan health-related services from the requirement that private
48.33 health care coverage refuse payment before medical assistance may be billed, paragraphs
48.34 (b), (c), and (d) shall also apply to students with a combination of private health care
48.35 coverage and health care coverage through medical assistance or MinnesotaCare.

49.1 (f) In the event that Congress or any federal agency or the Minnesota legislature
49.2 or any state agency establishes lifetime limits, limits for any health care services,
49.3 cost-sharing provisions, or otherwise provides that individual education plan health-related
49.4 services impact benefits for persons enrolled in medical assistance or MinnesotaCare, the
49.5 amendments to this subdivision adopted in 2002 are repealed on the effective date of any
49.6 federal or state law or regulation that imposes the limits. In that event, districts must
49.7 obtain informed consent consistent with this subdivision as it existed prior to the 2002
49.8 amendments and subdivision 5, before seeking reimbursement for children enrolled in
49.9 medical assistance under chapter 256B or MinnesotaCare under chapter 256L who have
49.10 no other health care coverage.

49.11 **EFFECTIVE DATE.** This section is effective the day following final enactment.

49.12 Sec. 6. Minnesota Statutes 2008, section 125A.21, subdivision 3, is amended to read:

49.13 Subd. 3. **Use of reimbursements.** Of the reimbursements received, districts may:

49.14 (1) retain an amount sufficient to compensate the district for its administrative costs
49.15 of obtaining reimbursements;

49.16 (2) regularly obtain from education- and health-related entities training and other
49.17 appropriate technical assistance designed to improve the district's ability to ~~determine~~
49.18 ~~which services are reimbursable and to seek timely reimbursement in a cost-effective~~
49.19 ~~manner~~ access third-party payments for individualized education program health-related
49.20 services; or

49.21 (3) reallocate reimbursements for the benefit of students with ~~special needs~~
49.22 individualized education programs or individual family service plans in the district.

49.23 Sec. 7. Minnesota Statutes 2008, section 125A.21, subdivision 5, is amended to read:

49.24 Subd. 5. **Informed consent.** When obtaining informed consent, consistent with
49.25 sections 13.05, subdivision 4, paragraph (d), ~~and~~, 256B.77, subdivision 2, paragraph
49.26 (p), and Code of Federal Regulations, title 34, parts 99 and 300, to bill health plans for
49.27 covered services, the school district must notify the legal representative (1) that the cost of
49.28 the person's private health insurance premium may increase due to providing the covered
49.29 service in the school setting, (2) that the school district may pay certain enrollee health
49.30 plan costs, including but not limited to, co-payments, coinsurance, deductibles, premium
49.31 increases or other enrollee cost-sharing amounts for health and related services required
49.32 by an individual service plan, or individual family service plan, and (3) that the school's
49.33 billing for each type of covered service may affect service limits and prior authorization

50.1 thresholds. The informed consent may be revoked in writing at any time by the person
50.2 authorizing the billing of the health plan.

50.3 Sec. 8. Minnesota Statutes 2008, section 125A.21, subdivision 7, is amended to read:

50.4 Subd. 7. **District disclosure of information.** A school district may disclose
50.5 information contained in a student's individual education plan, consistent with section
50.6 13.32, subdivision 3, paragraph (a), and Code of Federal Regulations, title 34, part 99;
50.7 including records of the student's diagnosis and treatment, to a health plan company only
50.8 with the signed and dated consent of the student's parent, or other legally authorized
50.9 individual. The school district shall disclose only that information necessary for the health
50.10 plan company to decide matters of coverage and payment. A health plan company may
50.11 use the information only for making decisions regarding coverage and payment, and for
50.12 any other use permitted by law.

50.13 Sec. 9. Minnesota Statutes 2009 Supplement, section 125A.63, subdivision 2, is
50.14 amended to read:

50.15 Subd. 2. **Programs.** The Department of Education, through the resource centers
50.16 must offer summer institutes or other training programs and other educational strategies
50.17 throughout the state for deaf or hard-of-hearing, blind or visually impaired, and multiply
50.18 disabled pupils. The resource centers must also offer workshops for teachers, and
50.19 leadership development for teachers.

50.20 A program offered through the resource centers must promote and develop education
50.21 programs offered by school districts or other organizations. The program must assist
50.22 school districts or other organizations to develop innovative programs.

50.23 Sec. 10. Minnesota Statutes 2009 Supplement, section 125A.63, subdivision 4, is
50.24 amended to read:

50.25 Subd. 4. **Advisory committees.** (a) The commissioner shall establish an
50.26 advisory committee for each resource center. The advisory committees shall develop
50.27 recommendations regarding the resource centers and submit an annual report to the
50.28 commissioner on the form and in the manner prescribed by the commissioner.

50.29 (b) The advisory committee for the Resource Center for the Deaf and Hard of
50.30 Hearing shall meet periodically at least four times per year and submit an annual report
50.31 to the commissioner, the education policy and finance committees of the legislature,
50.32 and the Commission of Deaf, DeafBlind, and Hard of Hearing Minnesotans. The report
50.33 must, at least:

51.1 (1) identify and report the aggregate, data-based education outcomes for children
51.2 with the primary disability classification of deaf and hard of hearing, consistent with
51.3 the commissioner's child count reporting practices, the commissioner's state and local
51.4 outcome data reporting system by district and region, ~~and~~ the school performance report
51.5 cards under section 120B.36, subdivision 1, and relevant IDEA Parts B and C mandated
51.6 reporting data; ~~and~~

51.7 (2) describe the implementation of a data-based plan for improving the education
51.8 outcomes of deaf and hard of hearing children that is premised on evidence-based best
51.9 practices, and provide a cost estimate for ongoing implementation of the plan; and

51.10 (3) include the recommendations for improving the developmental outcomes of
51.11 children birth to age 3 and the data underlying those recommendations that the coordinator
51.12 identifies under subdivision 5.

51.13 Sec. 11. Minnesota Statutes 2009 Supplement, section 125A.63, subdivision 5, is
51.14 amended to read:

51.15 Subd. 5. **Statewide hearing loss early education intervention coordinator.** (a)
51.16 The coordinator shall:

51.17 (1) collaborate with the early hearing detection and intervention coordinator for the
51.18 Department of Health, the director of the Department of Education Resource Center for
51.19 Deaf and Hard-of-Hearing, and the Department of Health Early Hearing Detection and
51.20 Intervention Advisory Council;

51.21 (2) coordinate and support Department of Education early hearing detection and
51.22 intervention teams;

51.23 (3) leverage resources by serving as a liaison between interagency early intervention
51.24 committees; part C coordinators from the Departments of Education, Health, and
51.25 Human Services; Department of Education regional low-incidence facilitators; service
51.26 coordinators from school districts; Minnesota children with special health needs in the
51.27 Department of Health; public health nurses; child find; Department of Human Services
51.28 Deaf and Hard-of-Hearing Services Division; and others as appropriate;

51.29 (4) identify, support, and promote culturally appropriate and evidence-based early
51.30 intervention practices for infants with hearing loss, and provide training, outreach, and use
51.31 of technology to increase consistency in statewide service provision;

51.32 (5) identify culturally appropriate specialized reliable and valid instruments to assess
51.33 and track the progress of children with hearing loss and promote their use;

52.1 (6) ensure that early childhood providers, parents, and members of the individual
52.2 family service and intervention plan are provided with child progress data resulting from
52.3 specialized assessments;

52.4 (7) educate early childhood providers and teachers of the deaf and hard-of-hearing
52.5 to use developmental data from specialized assessments to plan and adjust individual
52.6 family service plans; and

52.7 (8) make recommendations that would improve educational outcomes to the early
52.8 hearing detection and intervention committee, the commissioners of education and health,
52.9 the Commission of Deaf, DeafBlind and Hard-of-Hearing Minnesotans, and the advisory
52.10 council of the Minnesota Department of Education Resource Center for the Deaf and
52.11 Hard-of-Hearing.

52.12 (b) The Department of Education must provide aggregate data regarding outcomes
52.13 ~~of deaf and hard-of-hearing~~ children with hearing loss who receive early intervention
52.14 services within the state in accordance with the state performance plan.

52.15 **EFFECTIVE DATE.** This section is effective the day following final enactment.

52.16 Sec. 12. Minnesota Statutes 2008, section 125A.69, subdivision 1, is amended to read:

52.17 Subdivision 1. ~~Two kinds~~ **Admissions.** ~~There are two kinds of Admission to the~~
52.18 Minnesota State Academies is described in this section.

52.19 (a) A pupil who is deaf, hard of hearing, or blind-deaf, may be admitted to the
52.20 Academy for the Deaf. A pupil who is blind or visually impaired, blind-deaf, or multiply
52.21 disabled may be admitted to the Academy for the Blind. For a pupil to be admitted, two
52.22 decisions must be made under sections 125A.03 to 125A.24 and 125A.65.

52.23 (1) It must be decided by the individual education planning team that education in
52.24 regular or special education classes in the pupil's district of residence cannot be achieved
52.25 satisfactorily because of the nature and severity of the deafness or blindness or visual
52.26 impairment respectively.

52.27 (2) It must be decided by the individual education planning team that the academy
52.28 provides the most appropriate placement within the least restrictive alternative for the
52.29 pupil.

52.30 (b) A deaf or hard of hearing child or a visually impaired pupil may be admitted to
52.31 get socialization skills or on a short-term basis for skills development.

52.32 (c) A parent of a child who resides in Minnesota and who meets the disability criteria
52.33 for being deaf or hard-of-hearing, blind or visually impaired, or multiply disabled may
52.34 apply to place the child in the Minnesota State Academies. Academy staff must review
52.35 the application to determine whether the Minnesota State Academies is an appropriate

53.1 placement for the child. If academy staff determine that the Minnesota State Academies
53.2 is an appropriate placement, the staff must invite the individualized education program
53.3 team at the child's resident school district to participate in a meeting to arrange a trial
53.4 placement of between 60 and 90 calendar days at the Minnesota State Academies. If
53.5 the child's parent consents to the trial placement, the Minnesota State Academies is the
53.6 responsible serving school district and incur all due process obligations under law and the
53.7 child's resident school district is responsible for any transportation included in the child's
53.8 individualized education program during the trial placement. Before the trial placement
53.9 ends, academy staff must convene an individualized education program team meeting to
53.10 determine whether to continue the child's placement at the Minnesota State Academies or
53.11 that another placement is appropriate. If the individualized education program team and
53.12 the parent are unable to agree on the child's placement, the child's placement reverts to the
53.13 placement in the child's individualized education program that immediately preceded the
53.14 trial placement. If the parent and individualized education program team agree to continue
53.15 the placement beyond the trial period, the transportation and due process responsibilities
53.16 are the same as those described for the trial placement under this paragraph.

53.17 **EFFECTIVE DATE.** This section is effective for the 2010-2011 school year and
53.18 later.

53.19 Sec. 13. Laws 2009, chapter 79, article 5, section 60, is amended to read:

53.20 Sec. 60. Minnesota Statutes 2008, section 256L.05, is amended by adding a
53.21 subdivision to read:

53.22 Subd. 1c. **Open enrollment and streamlined application and enrollment**
53.23 **process.** (a) The commissioner and local agencies working in partnership must develop a
53.24 streamlined and efficient application and enrollment process for medical assistance and
53.25 MinnesotaCare enrollees that meets the criteria specified in this subdivision.

53.26 (b) The commissioners of human services and education shall provide
53.27 recommendations to the legislature by January 15, 2010, on the creation of an open
53.28 enrollment process for medical assistance and MinnesotaCare that is coordinated with
53.29 the public education system. The recommendations must:

53.30 (1) be developed in consultation with medical assistance and MinnesotaCare
53.31 enrollees and representatives from organizations that advocate on behalf of children and
53.32 families, low-income persons and minority populations, counties, school administrators
53.33 and nurses, health plans, and health care providers;

53.34 (2) be based on enrollment and renewal procedures best practices, including express
53.35 lane eligibility as required under subdivision 1d;

54.1 (3) simplify the enrollment and renewal processes wherever possible; and

54.2 (4) establish a process:

54.3 (i) to disseminate information on medical assistance and MinnesotaCare to all
54.4 children in the public education system, including prekindergarten programs; and

54.5 (ii) for the commissioner of human services to enroll children and other household
54.6 members who are eligible.

54.7 The commissioner of human services in coordination with the commissioner of
54.8 education shall implement an open enrollment process by August 1, 2010, to be effective
54.9 beginning with the 2010-2011 school year.

54.10 (c) The commissioner and local agencies shall develop an online application process
54.11 for medical assistance and MinnesotaCare.

54.12 (d) The commissioner shall develop an application that is easily understandable
54.13 and does not exceed four pages in length.

54.14 (e) The commissioner of human services shall present to the legislature, by January
54.15 15, 2010, an implementation plan for the open enrollment period and online application
54.16 process.

54.17 (f) To ensure parity between all providers of medical services in the ability to seek
54.18 reimbursement from MinnesotaCare or medical assistance, the commissioner of human
54.19 services, in consultation with the commissioner of education, shall include on new or
54.20 revised enrollment forms consent authorization language for all providers of medical
54.21 services to the parent's child or children, including schools, by incorporating language on
54.22 the enrollment form that is consistent with federal data practices laws requiring consent
54.23 before a school may release information from individual educational records. The consent
54.24 language shall include a statement that the medical services providers may share with the
54.25 commissioner of human services medical or other information in the possession of the
54.26 provider that is necessary for the provider to be reimbursed by MinnesotaCare or medical
54.27 assistance. The consent language also shall state that information may be shared from
54.28 a child's individual educational records and that the parent may revoke the consent for
54.29 schools to share information from educational records at any time. The commissioner
54.30 shall include substantially similar consent authorization language on each of its other
54.31 enrollment forms as they are scheduled for review, revision, or replacement.

54.32 **EFFECTIVE DATE.** This section is effective July 1, 2010, or upon federal
54.33 approval, which must be requested by the commissioner, whichever is later.

54.34 Sec. 14. **THIRD-PARTY BILLING.**

55.1 To allow the cost effective billing of medical assistance for covered services that
55.2 are not reimbursed by other legally liable third parties, the commissioner of human
55.3 services must:

55.4 (1) summarize and document school district efforts to secure reimbursement from
55.5 legally liable third parties; and

55.6 (2) request permission from the Centers for Medicare and Medicaid Services to
55.7 allow school districts to bill Medicaid alone, without first billing private payers, when:

55.8 (i) a child has both public and private coverage; and

55.9 (ii) documentation demonstrates that the private payer involved does not reimburse
55.10 for individualized education program health-related services.

55.11 Sec. 15. **REVISOR'S INSTRUCTION.**

55.12 The revisor of statutes shall substitute the term "individualized education program"
55.13 or similar terms for "individual education plan" or similar terms wherever they appear
55.14 in Minnesota Statutes and Minnesota Rules referring to the requirements relating to
55.15 the federal Individuals with Disabilities Education Act. The revisor shall also make
55.16 grammatical changes related to the changes in terms.

55.17 Sec. 16. **REPEALER.**

55.18 Minnesota Statutes 2008, section 125A.54, is repealed.

55.19 **ARTICLE 4**

55.20 **FACILITIES AND TECHNOLOGY**

55.21 Section 1. Minnesota Statutes 2008, section 123B.57, as amended by Laws 2009
55.22 chapter 96, article 4, section 2, is amended to read:

55.23 **123B.57 CAPITAL EXPENDITURE; HEALTH AND SAFETY.**

55.24 Subdivision 1. **Health and safety ~~program~~ revenue application.** (a) To receive
55.25 health and safety revenue for any fiscal year a district must submit to the commissioner
55.26 ~~an a capital expenditure health and safety revenue application for aid and levy~~ by the
55.27 date determined by the commissioner. ~~The application may be for hazardous substance~~
55.28 ~~removal, fire and life safety code repairs, labor and industry regulated facility and~~
55.29 ~~equipment violations, and health, safety, and environmental management, including~~
55.30 ~~indoor air quality management.~~ The application must include a health and safety ~~program~~
55.31 budget adopted and confirmed by the school district board as being consistent with the
55.32 district's health and safety policy under subdivision 2. The ~~program~~ budget must include
55.33 the estimated cost, ~~per building,~~ of the program per Uniform Financial Accounting and

56.1 Reporting Standards (UFARS) finance code, by fiscal year. Upon approval through the
56.2 adoption of a resolution by each of an intermediate district's member school district
56.3 boards and the approval of the Department of Education, a school district may include
56.4 its proportionate share of the costs of health and safety projects for an intermediate
56.5 district in its application.

56.6 (b) Health and safety projects with an estimated cost of \$500,000 or more per
56.7 site are not eligible for health and safety revenue. Health and safety projects with an
56.8 estimated cost of \$500,000 or more per site that meet all other requirements for health and
56.9 safety funding, are eligible for alternative facilities bonding and levy revenue according
56.10 to section 123B.59. A school board shall not separate portions of a single project into
56.11 components to qualify for health and safety revenue, and shall not combine unrelated
56.12 projects into a single project to qualify for alternative facilities bonding and levy revenue.

56.13 (c) The commissioner of education shall not make eligibility for health and safety
56.14 revenue contingent on a district's compliance status, level of program development, or
56.15 training. The commissioner shall not mandate additional performance criteria such as
56.16 training, certifications, or compliance evaluations as a prerequisite for levy approval.

56.17 Subd. 2. ~~Contents of program~~ Health and safety policy. To qualify for health
56.18 and safety revenue, a district school board must adopt a health and safety program policy.
56.19 The program policy must include plans, where applicable, for hazardous substance
56.20 removal, fire and life safety code repairs, regulated facility and equipment violations,
56.21 and provisions for implementing a health and safety program that complies with health,
56.22 safety, and environmental management, regulations and best practices including indoor
56.23 air quality management.

56.24 ~~(a) A hazardous substance plan must contain provisions for the removal or~~
56.25 ~~encapsulation of asbestos from school buildings or property, asbestos-related repairs,~~
56.26 ~~cleanup and disposal of polychlorinated biphenyls found in school buildings or property,~~
56.27 ~~and cleanup, removal, disposal, and repairs related to storing heating fuel or transportation~~
56.28 ~~fuels such as alcohol, gasoline, fuel, oil, and special fuel, as defined in section 296A.01.~~
56.29 ~~If a district has already developed a plan for the removal or encapsulation of asbestos as~~
56.30 ~~required by the federal Asbestos Hazard Emergency Response Act of 1986, the district~~
56.31 ~~may use a summary of that plan, which includes a description and schedule of response~~
56.32 ~~actions, for purposes of this section. The plan must also contain provisions to make~~
56.33 ~~modifications to existing facilities and equipment necessary to limit personal exposure~~
56.34 ~~to hazardous substances, as regulated by the federal Occupational Safety and Health~~
56.35 ~~Administration under Code of Federal Regulations, title 29, part 1910, subpart Z; or is~~
56.36 ~~determined by the commissioner to present a significant risk to district staff or student~~

57.1 ~~health and safety as a result of foreseeable use, handling, accidental spill, exposure, or~~
57.2 ~~contamination.~~

57.3 ~~(b) A fire and life safety plan must contain a description of the current fire and life~~
57.4 ~~safety code violations, a plan for the removal or repair of the fire and life safety hazard,~~
57.5 ~~and a description of safety preparation and awareness procedures to be followed until the~~
57.6 ~~hazard is fully corrected.~~

57.7 ~~(c) A facilities and equipment violation plan must contain provisions to correct~~
57.8 ~~health and safety hazards as provided in Department of Labor and Industry standards~~
57.9 ~~pursuant to section 182.655.~~

57.10 ~~(d) A health, safety, and environmental management plan must contain a description~~
57.11 ~~of training, record keeping, hazard assessment, and program management as defined~~
57.12 ~~in section 123B.56.~~

57.13 ~~(e) A plan to test for and mitigate radon produced hazards.~~

57.14 ~~(f) A plan to monitor and improve indoor air quality.~~

57.15 Subd. 3. **Health and safety revenue.** A district's health and safety revenue
57.16 for a fiscal year equals the district's alternative facilities levy under section 123B.59,
57.17 subdivision 5, paragraph (b), plus the greater of zero or:

57.18 (1) the sum of (a) the total approved cost of the district's hazardous substance
57.19 plan for fiscal years 1985 through 1989, plus (b) the total approved cost of the district's
57.20 health and safety program for fiscal year 1990 through the fiscal year to which the levy
57.21 is attributable, excluding expenditures funded with bonds issued under section 123B.59
57.22 or 123B.62, or chapter 475; certificates of indebtedness or capital notes under section
57.23 123B.61; levies under section 123B.58, 123B.59, 123B.63, or 126C.40, subdivision 1 or
57.24 6; and other federal, state, or local revenues, minus

57.25 (2) the sum of (a) the district's total hazardous substance aid and levy for fiscal years
57.26 1985 through 1989 under sections 124.245 and 275.125, subdivision 11c, plus (b) the
57.27 district's health and safety revenue under this subdivision, for years before the fiscal year
57.28 to which the levy is attributable.

57.29 Subd. 4. **Health and safety levy.** To receive health and safety revenue, a district
57.30 may levy an amount equal to the district's health and safety revenue as defined in
57.31 subdivision 3 multiplied by the lesser of one, or the ratio of the quotient derived by
57.32 dividing the adjusted net tax capacity of the district for the year preceding the year the
57.33 levy is certified by the adjusted marginal cost pupil units in the district for the school year
57.34 to which the levy is attributable, to \$2,935.

57.35 Subd. 5. **Health and safety aid.** A district's health and safety aid is the difference
57.36 between its health and safety revenue and its health and safety levy. If a district does not

58.1 levy the entire amount permitted, health and safety aid must be reduced in proportion to
 58.2 the actual amount levied. Health and safety aid may not be reduced as a result of reducing
 58.3 a district's health and safety levy according to section 123B.79.

58.4 Subd. 6. **Uses of health and safety revenue.** ~~(a)~~ Health and safety revenue may
 58.5 be used only for approved expenditures necessary to correct fire and life safety hazards;
 58.6 ~~or for the~~ design, purchase, installation, maintenance, and inspection of fire protection
 58.7 and alarm equipment; purchase or construction of appropriate facilities for the storage of
 58.8 combustible and flammable materials; inventories and facility modifications not related
 58.9 to a remodeling project to comply with lab safety requirements under section 121A.31;
 58.10 inspection, testing, repair, removal or encapsulation, and disposal of asbestos from school
 58.11 buildings or property owned or being acquired by the district, asbestos-related repairs,
 58.12 asbestos-containing building materials; cleanup and disposal of polychlorinated biphenyls
 58.13 found in school buildings or property owned or being acquired by the district, or the;
 58.14 cleanup and disposal of hazardous and infectious wastes; cleanup, removal, disposal, and
 58.15 repairs related to storing heating fuel or transportation fuels such as alcohol, gasoline, fuel
 58.16 oil, and special fuel, as defined in section 296A.01, Minnesota; correction of occupational
 58.17 safety and health administration regulated facility and equipment hazards;₂ indoor air
 58.18 quality inspections, investigations, and testing; mold abatement;₂ upgrades or replacement
 58.19 of mechanical ventilation systems to meet American Society of Heating, Refrigerating
 58.20 and Air Conditioning Engineers standards and State Mechanical Code;₂ design, materials,
 58.21 and installation of local exhaust ventilation systems, including required make up air for
 58.22 controlling regulated hazardous substances; correction of Department of Health Food
 58.23 Code and violations; correction of swimming pool hazards excluding depth correction;₂
 58.24 playground safety inspections and the installation of impact surfacing materials; bleacher
 58.25 repair or rebuilding to comply with the order of a building code inspector under section
 58.26 326B.112; testing and mitigation of elevated radon hazards; lead in water, paint, soil,
 58.27 and toys testing; copper in water testing; cleanup after major weather-related disasters
 58.28 or flooding; reduction of excessive organic and inorganic levels in wells and well
 58.29 capping of abandoned wells; installation and testing of boiler backflow valves to prevent
 58.30 contamination of potable water; vaccinations, titers, and preventative supplies for
 58.31 bloodborne pathogen compliance; costs to comply with the Janet B. Johnson Parents'
 58.32 Right To Know Act; and health, safety, and environmental management costs associated
 58.33 with implementing the district's health and safety program including costs to establish
 58.34 and operate safety committees, in school buildings or property owned or being acquired
 58.35 by the district. Testing and calibration activities are permitted for existing mechanical
 58.36 ventilation systems at intervals no less than every five years. Health and safety revenue

59.1 ~~must not be used to finance a lease purchase agreement, installment purchase agreement,~~
59.2 ~~or other deferred payments agreement. Health and safety revenue must not be used for~~
59.3 ~~the construction of new facilities or the purchase of portable classrooms, for interest or~~
59.4 ~~other financing expenses, or for energy efficiency projects under section 123B.65. The~~
59.5 ~~revenue may not be used for a building or property or part of a building or property used~~
59.6 ~~for postsecondary instruction or administration or for a purpose unrelated to elementary~~
59.7 ~~and secondary education.~~

59.8 Subd. 6a. **Restrictions on health and safety revenue.** (b) Notwithstanding
59.9 paragraph (a) subdivision 6, health and safety revenue must not be used to finance a
59.10 lease purchase agreement, installment purchase agreement, or other deferred payments
59.11 agreement, for the construction of new facilities, remodeling of existing facilities, or
59.12 the purchase of portable classrooms, for interest or other financing expenses, or for
59.13 energy efficiency projects under section 123B.65, for a building or property or part of a
59.14 building or property used for postsecondary instruction or administration or for a purpose
59.15 unrelated to elementary and secondary education, for replacement of building materials
59.16 or facilities including roof, walls, windows, internal fixtures and flooring, nonhealth and
59.17 safety costs associated with demolition of facilities, structural repair or replacement of
59.18 facilities due to unsafe conditions, violence prevention and facility security, ergonomics,
59.19 or for building and heating, ventilating and air conditioning supplies, maintenance, and
59.20 cleaning activities. All assessments, investigations, inventories, and support equipment
59.21 not leading to the engineering or construction of a project shall be included in the health,
59.22 safety, and environmental management costs in subdivision 8, paragraph (a).

59.23 Subd. 6b. **Health and safety projects.** (a) Health and safety revenue applications
59.24 defined in subdivision 1 must be accompanied by a description of each project for which
59.25 funding is being requested. Project descriptions must provide enough detail for an auditor
59.26 to determine if the work qualifies for revenue. For projects other than fire and life
59.27 safety projects, playground projects, and health, safety, and environmental management
59.28 activities, a project description does not need to include itemized details such as material
59.29 types, room locations, square feet, names, or license numbers. The commissioner shall
59.30 approve only projects that comply with subdivisions 6 and 8, as defined by the Department
59.31 of Education.

59.32 (b) Districts may request funding for allowable projects based on self-assessments,
59.33 safety committee recommendations, insurance inspections, management assistance
59.34 reports, fire marshal orders, or other mandates. Notwithstanding subdivision 1, paragraph
59.35 (b), and subdivision 8, paragraph (b), for projects under \$500,000, individual project
59.36 size for projects authorized by this subdivision is not limited and may include related

60.1 work in multiple facilities. Health and safety management costs from subdivision 8 may
60.2 be reported as a single project.

60.3 (c) All costs directly related to a project shall be reported in the appropriate Uniform
60.4 Financial Accounting and Reporting Standards (UFARS) finance code.

60.5 (d) For fire and life safety egress and all other projects exceeding \$20,000, cited
60.6 under Minnesota Fire Code, a fire marshal plan review is required.

60.7 (e) Districts shall update project estimates with actual expenditures for each
60.8 fiscal year. If a project's final cost is significantly higher than originally approved, the
60.9 commissioner may request additional supporting information.

60.10 Subd. 6c. **Appeals process.** In the event a district is denied funding approval for
60.11 a project the district believes complies with subdivisions 6 and 8, and is not otherwise
60.12 excluded, a district may appeal the decision. All such requests must be in writing. The
60.13 commissioner shall respond in writing. A written request must contain the following:
60.14 project number; description and amount; reason for denial; unresolved questions for
60.15 consideration; reasons for reconsideration; and a specific statement of what action the
60.16 district is requesting.

60.17 Subd. 7. **Proration.** In the event that the health and safety aid available for any year
60.18 is prorated, a district having its aid prorated may levy an additional amount equal to the
60.19 amount not paid by the state due to proration.

60.20 Subd. 8. **Health, safety, and environmental management cost.** (a) "Health, safety,
60.21 and environmental management" is defined in section 123B.56.

60.22 (b) A district's cost for health, safety, and environmental management is limited to
60.23 the lesser of:

60.24 (1) actual cost to implement their plan; or

60.25 (2) an amount determined by the commissioner, based on enrollment, building
60.26 age, and size.

60.27 ~~(b)~~ (c) The department may contract with regional service organizations, private
60.28 contractors, Minnesota Safety Council, or state agencies to provide management
60.29 assistance to school districts for health and safety capital projects. Management assistance
60.30 is the development of written programs for the identification, recognition and control of
60.31 hazards, and prioritization and scheduling of district health and safety capital projects.
60.32 The ~~department~~ commissioner shall not mandate management assistance or exclude
60.33 private contractors from the opportunity to provide any health and safety services to
60.34 school districts.

60.35 ~~(c) Notwithstanding paragraph (b), the department may approve revenue, up to~~
60.36 ~~the limit defined in paragraph (a) for districts having an approved health, safety, and~~

61.1 ~~environmental management plan that uses district staff to accomplish coordination and~~
61.2 ~~provided services.~~

61.3 **EFFECTIVE DATE.** This section is effective July 1, 2010.

61.4 Sec. 2. Minnesota Statutes 2008, section 126C.40, subdivision 1, is amended to read:

61.5 Subdivision 1. **To lease building or land.** (a) When an independent or a special
61.6 school district or a group of independent or special school districts finds it economically
61.7 advantageous to rent or lease a building or land for any instructional purposes or for
61.8 school storage or furniture repair, and it determines that the operating capital revenue
61.9 authorized under section 126C.10, subdivision 13, is insufficient for this purpose, it may
61.10 apply to the commissioner for permission to make an additional capital expenditure levy
61.11 for this purpose. An application for permission to levy under this subdivision must contain
61.12 financial justification for the proposed levy, the terms and conditions of the proposed
61.13 lease, and a description of the space to be leased and its proposed use.

61.14 (b) The criteria for approval of applications to levy under this subdivision must
61.15 include: the reasonableness of the price, the appropriateness of the space to the proposed
61.16 activity, the feasibility of transporting pupils to the leased building or land, conformity
61.17 of the lease to the laws and rules of the state of Minnesota, and the appropriateness of
61.18 the proposed lease to the space needs and the financial condition of the district. The
61.19 commissioner must not authorize a levy under this subdivision in an amount greater than
61.20 the cost to the district of renting or leasing a building or land for approved purposes.
61.21 The proceeds of this levy must not be used for custodial or other maintenance services.
61.22 A district may not levy under this subdivision for the purpose of leasing or renting a
61.23 district-owned building or site to itself.

61.24 (c) For agreements finalized after July 1, 1997, a district may not levy under this
61.25 subdivision for the purpose of leasing: (1) a newly constructed building used primarily
61.26 for regular kindergarten, elementary, or secondary instruction; or (2) a newly constructed
61.27 building addition or additions used primarily for regular kindergarten, elementary, or
61.28 secondary instruction that contains more than 20 percent of the square footage of the
61.29 previously existing building.

61.30 (d) Notwithstanding paragraph (b), a district may levy under this subdivision for the
61.31 purpose of leasing or renting a district-owned building or site to itself only if the amount
61.32 is needed by the district to make payments required by a lease purchase agreement,
61.33 installment purchase agreement, or other deferred payments agreement authorized by law,
61.34 and the levy meets the requirements of paragraph (c). A levy authorized for a district by
61.35 the commissioner under this paragraph may be in the amount needed by the district to

62.1 make payments required by a lease purchase agreement, installment purchase agreement,
62.2 or other deferred payments agreement authorized by law, provided that any agreement
62.3 include a provision giving the school districts the right to terminate the agreement
62.4 annually without penalty.

62.5 (e) The total levy under this subdivision for a district for any year must not exceed
62.6 \$150 times the resident pupil units for the fiscal year to which the levy is attributable.

62.7 (f) For agreements for which a review and comment have been submitted to the
62.8 Department of Education after April 1, 1998, the term "instructional purpose" as used in
62.9 this subdivision excludes expenditures on stadiums.

62.10 (g) The commissioner of education may authorize a school district to exceed the
62.11 limit in paragraph (e) if the school district petitions the commissioner for approval. The
62.12 commissioner shall grant approval to a school district to exceed the limit in paragraph (e)
62.13 for not more than five years if the district meets the following criteria:

62.14 (1) the school district has been experiencing pupil enrollment growth in the
62.15 preceding five years;

62.16 (2) the purpose of the increased levy is in the long-term public interest;

62.17 (3) the purpose of the increased levy promotes colocation of government services;
62.18 and

62.19 (4) the purpose of the increased levy is in the long-term interest of the district by
62.20 avoiding over construction of school facilities.

62.21 (h) A school district that is a member of an intermediate school district may include
62.22 in its authority under this section the costs associated with leases of administrative and
62.23 classroom space for intermediate school district programs. This authority must not exceed
62.24 \$43 times the adjusted marginal cost pupil units of the member districts. This authority is
62.25 in addition to any other authority authorized under this section.

62.26 (i) In addition to the allowable capital levies in paragraph (a), for taxes payable in
62.27 2011 to 2021, a district that is a member of the "Technology and Information Education
62.28 Systems" data processing joint board, that finds it economically advantageous to enter
62.29 into a lease ~~purchase~~ agreement for to finance improvements to a building for a group of
62.30 school districts or special school districts for staff development purposes, may levy for
62.31 its portion of lease costs attributed to the district within the total levy limit in paragraph
62.32 (e). The total levy authority under this paragraph shall not exceed \$632,000 each year.

62.33 **EFFECTIVE DATE.** This section is effective for taxes payable in 2011 and later.

62.34 Sec. 3. Laws 1999, chapter 241, article 4, section 25, is amended to read:

62.35 Sec. 25. **ALTERNATIVE FACILITIES REVENUE PROGRAM.**

63.1 Subdivision 1. **[INDEPENDENT SCHOOL DISTRICT NO. 622, NORTH ST.**
63.2 **PAUL-MAPLEWOOD-OAKDALE.]** Independent school district No. 622, North St.
63.3 Paul-Maplewood-Oakdale, is eligible for the alternative facilities revenue program under
63.4 Minnesota Statutes, section 123B.59, for the purposes of financing school facilities
63.5 in the district.

63.6 Subd. 2. **Stillwater.** Independent school district No. 834, Stillwater, is eligible for
63.7 the alternative facilities revenue program under Minnesota Statutes, section 123B.59, for
63.8 the purposes of financing school facilities in the district.

63.9 Subd. 3. **Independent School District No. 284, Wayzata.** Independent School
63.10 District No. 284, Wayzata, is eligible for the alternative facilities revenue program under
63.11 Minnesota Statutes, section 123B.59, for the purposes of financing school facilities
63.12 in the district.

63.13 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2013
63.14 and later.

63.15 Sec. 4. **HEALTH AND SAFETY POLICY.**

63.16 Notwithstanding Minnesota Statutes, section 123B.57, subdivision 2, a school board
63.17 that has not yet adopted a health and safety policy by September 30, 2010, may submit an
63.18 application for health and safety revenue for taxes payable in 2011 in the form and manner
63.19 specified by the commissioner of education.

63.20 **EFFECTIVE DATE.** This section is effective the day following final enactment.

63.21 **ARTICLE 5**

63.22 **ACCOUNTING**

63.23 Section 1. Minnesota Statutes 2009 Supplement, section 16A.152, subdivision 2, as
63.24 amended by Laws 2010, chapter 215, article 11, section 15, is amended to read:

63.25 Subd. 2. **Additional revenues; priority.** (a) If on the basis of a forecast of general
63.26 fund revenues and expenditures, the commissioner of management and budget determines
63.27 that there will be a positive unrestricted budgetary general fund balance at the close of
63.28 the biennium, the commissioner of management and budget must allocate money to the
63.29 following accounts and purposes in priority order:

63.30 (1) the cash flow account established in subdivision 1 until that account reaches
63.31 \$350,000,000;

63.32 (2) the budget reserve account established in subdivision 1a until that account
63.33 reaches \$653,000,000;

64.1 (3) the amount necessary to increase the aid payment schedule for school district
64.2 aids and credits payments in section 127A.45 to not more than 90 percent rounded to the
64.3 nearest tenth of a percent without exceeding the amount available and with any remaining
64.4 funds deposited in the budget reserve;

64.5 (4) the amount necessary to restore all or a portion of the net aid reductions under
64.6 section 127A.441 and to reduce the property tax revenue recognition shift under section
64.7 123B.75, subdivision 5, ~~paragraph (b), and Laws 2003, First Special Session chapter 9,~~
64.8 ~~article 5, section 34, as amended by Laws 2003, First Special Session chapter 23, section~~
64.9 ~~20~~, by the same amount;

64.10 (5) to the state airports fund, the amount necessary to restore the amount transferred
64.11 from the state airports fund under Laws 2008, chapter 363, article 11, section 3,
64.12 subdivision 5; and

64.13 (6) to the fire safety account in the special revenue fund, the amount necessary to
64.14 restore transfers from the account to the general fund made in Laws 2010.

64.15 (b) The amounts necessary to meet the requirements of this section are appropriated
64.16 from the general fund within two weeks after the forecast is released or, in the case of
64.17 transfers under paragraph (a), clauses (3) and (4), as necessary to meet the appropriations
64.18 schedules otherwise established in statute.

64.19 (c) The commissioner of management and budget shall certify the total dollar
64.20 amount of the reductions under paragraph (a), clauses (3) and (4), to the commissioner of
64.21 education. The commissioner of education shall increase the aid payment percentage and
64.22 reduce the property tax shift percentage by these amounts and apply those reductions to
64.23 the current fiscal year and thereafter.

64.24 **EFFECTIVE DATE.** This section is effective the day following final enactment.

64.25 Sec. 2. Minnesota Statutes 2008, section 123B.12, is amended to read:

64.26 **123B.12 INSUFFICIENT FUNDS TO PAY ORDERS.**

64.27 (a) In the event that a district or a cooperative unit defined in section 123A.24,
64.28 subdivision 2, has insufficient funds to pay its usual lawful current obligations, subject to
64.29 section 471.69, the board may enter into agreements with banks or any person to take its
64.30 orders. Any order drawn, after having been presented to the treasurer for payment and not
64.31 paid for want of funds shall be endorsed by the treasurer by putting on the back thereof
64.32 the words "not paid for want of funds," giving the date of endorsement and signed by the
64.33 treasurer. A record of such presentment, nonpayment and endorsement shall be made by
64.34 the treasurer. The treasurer shall serve a written notice upon the payee or the payee's

65.1 assignee, personally, or by mail, when the treasurer is prepared to pay such orders. The
65.2 notice may be directed to the payee or the payee's assignee at the address given in writing
65.3 by such payee or assignee to such treasurer, at any time prior to the service of such notice.
65.4 No order shall draw any interest if such address is not given when the same is unknown to
65.5 the treasurer, and no order shall draw any interest after the service of such notice.

65.6 (b) A district may enter, subject to section 471.69, into ~~a~~ an unsecured line of credit
65.7 agreement with a financial institution. The amount of credit available must not exceed ~~95~~
65.8 380 percent of average expenditure per month of operating expenditures in the previous
65.9 fiscal year. Any amount advanced must be repaid no later than ~~45~~ 120 days after the
65.10 day of advancement.

65.11 **EFFECTIVE DATE.** This section is effective the day following final enactment.

65.12 Sec. 3. Minnesota Statutes 2008, section 127A.42, subdivision 2, is amended to read:

65.13 Subd. 2. **Violations of law.** The commissioner may reduce or withhold the district's
65.14 state aid for any school year whenever the board of the district authorizes or permits
65.15 violations of law within the district by:

65.16 (1) employing a teacher who does not hold a valid teaching license or permit in a
65.17 public school;

65.18 (2) noncompliance with a mandatory rule of general application promulgated by the
65.19 commissioner in accordance with statute, unless special circumstances make enforcement
65.20 inequitable, impose an extraordinary hardship on the district, or the rule is contrary to
65.21 the district's best interests;

65.22 (3) the district's continued performance of a contract made for the rental of rooms
65.23 or buildings for school purposes or for the rental of any facility owned or operated by or
65.24 under the direction of any private organization, if the contract has been disapproved, the
65.25 time for review of the determination of disapproval has expired, and no proceeding for
65.26 review is pending;

65.27 (4) any practice which is a violation of sections 1 and 2 of article 13 of the
65.28 Constitution of the state of Minnesota;

65.29 (5) failure to reasonably provide for a resident pupil's school attendance under
65.30 Minnesota Statutes;

65.31 (6) noncompliance with state laws prohibiting discrimination because of race,
65.32 color, creed, religion, national origin, sex, age, marital status, status with regard to
65.33 public assistance or disability, as defined in sections 363A.08 to 363A.19 and 363A.28,
65.34 subdivision 10; or

65.35 (7) using funds contrary to the statutory purpose of the funds.

66.1 The reduction or withholding must be made in the amount and upon the procedure
66.2 provided in this section, or, in the case of the violation stated in clause (1), upon the
66.3 procedure provided in section 127A.43.

66.4 **EFFECTIVE DATE.** This section is effective July 1, 2010.

66.5 Sec. 4. Minnesota Statutes 2008, section 127A.43, is amended to read:

66.6 **127A.43 DISTRICT EMPLOYMENT OF UNLICENSED TEACHERS; AID**
66.7 **REDUCTION.**

66.8 When a district employs one or more teachers who do not hold a valid teaching
66.9 license, state aid shall be ~~withheld~~ reduced in the proportion that the number of such
66.10 teachers is to the total number of teachers employed by the district, multiplied by 60
66.11 percent of the basic revenue, as defined in section 126C.10, subdivision 2, of the district
66.12 for the year in which the employment occurred.

66.13 **EFFECTIVE DATE.** This section is effective July 1, 2010.

66.14 Sec. 5. Minnesota Statutes 2008, section 127A.45, is amended by adding a subdivision
66.15 to read:

66.16 **Subd. 6a. Cash flow adjustment.** The board of directors of any charter school
66.17 servicing fewer than 150 students where the percentage of students eligible for special
66.18 education services equals 100 percent of the charter school's total enrollment may request
66.19 that the commissioner of education accelerate the school's cash flow under this section.
66.20 The commissioner must approve a properly submitted request within 30 days of its receipt.
66.21 The commissioner must accelerate the school's regular special education aid payments
66.22 according to the schedule in the school's request and modify the payments to the school
66.23 under subdivision 3 accordingly. A school must not receive current payments of regular
66.24 special education aid exceeding 90 percent of its estimated aid entitlement for the fiscal
66.25 year. The commissioner must delay the special education aid payments to all other school
66.26 districts and charter schools in proportion to each district or charter school's total share
66.27 of regular special education aid such that the overall aid payment savings from the aid
66.28 payment shift remains unchanged for any fiscal year.

66.29 **EFFECTIVE DATE.** This section is effective the day following final enactment
66.30 and applies to school district or charter school payments made on or after that date.

67.1 Sec. 6. Minnesota Statutes 2008, section 127A.45, is amended by adding a subdivision
67.2 to read:

67.3 Subd. 17. **Payment to creditors.** Except where otherwise specifically authorized,
67.4 state education aid payments shall be made only to the school district, charter school, or
67.5 other education organization earning state aid revenues as a result of providing education
67.6 services.

67.7 Sec. 7. **FUND TRANSFERS.**

67.8 Subdivision 1. **Aitkin.** Notwithstanding Minnesota Statutes, sections 123B.79;
67.9 123B.80; and 475.61, subdivision 4, on June 30, 2010, Independent School District No.
67.10 1, Aitkin, may permanently transfer up to \$70,000 from its debt redemption fund to its
67.11 undesignated general fund balance without making a levy reduction.

67.12 Subd. 2. **Anoka-Hennepin.** Notwithstanding Minnesota Statutes, sections 123B.79,
67.13 123B.80, and 475.61, subdivision 4, on June 30, 2010, Independent School District No.
67.14 11, Anoka-Hennepin, may permanently transfer up to \$400,000 from its debt redemption
67.15 fund to its undesignated general fund balance without making a levy reduction.

67.16 Subd. 3. **Elk River.** Notwithstanding Minnesota Statutes, sections 123B.79,
67.17 123B.80, and 475.61, subdivision 4, on June 30, 2010, Independent School District No.
67.18 728, Elk River, may permanently transfer up to \$500,000 from its debt redemption fund to
67.19 its undesignated general fund balance without making a levy reduction.

67.20 Subd. 4. **Hayfield.** Notwithstanding Minnesota Statutes, section 123B.79 or
67.21 123B.80, on June 30, 2010, Independent School District No. 203, Hayfield, may
67.22 permanently transfer up to \$75,000 from its reserved for operating capital account to its
67.23 undesignated general fund balance without making a levy reduction.

67.24 Subd. 5. **Kenyon-Wanamingo.** Notwithstanding Minnesota Statutes, sections
67.25 123B.79, 123B.80, and 475.61, subdivision 4, on June 30, 2010, Independent School
67.26 District No. 2172, Kenyon-Wanamingo, may permanently transfer up to \$55,000 from
67.27 its debt redemption fund to its undesignated general fund balance without making a levy
67.28 reduction.

67.29 Subd. 6. **Madelia.** Notwithstanding Minnesota Statutes, sections 123B.79, 123B.80,
67.30 and 475.61, subdivision 4, on June 30, 2010, Independent School District No. 837,
67.31 Madelia, may permanently transfer up to \$350,000 from its debt redemption fund to its
67.32 reserved for operating capital account without making a levy reduction.

68.1 Subd. 7. **Rochester.** Notwithstanding Minnesota Statutes, sections 123B.79,
68.2 123B.80, and 475.61, subdivision 4, on June 30, 2010, Independent School District No.
68.3 535, Rochester, may permanently transfer up to \$400,000 from its debt redemption fund to
68.4 its undesignated general fund balance without making a levy reduction.

68.5 Subd. 8. **St. Louis Park.** Notwithstanding Minnesota Statutes, sections 123B.79,
68.6 123B.80, and 475.61, subdivision 4, on June 30, 2010, Independent School District
68.7 No. 283, St. Louis Park, may permanently transfer up to \$225,000 from its reserved
68.8 for operating capital account to its undesignated general fund balance without making
68.9 a levy reduction. Any funds transferred under this subdivision must be used to pay for
68.10 the costs directly associated with closing the Cedar Manor Elementary School, including
68.11 moving and storage costs.

68.12 **EFFECTIVE DATE.** This section is effective the day following final enactment.

68.13 **ARTICLE 6**

68.14 **STATE AGENCIES**

68.15 Section 1. **DEPARTMENT OF EDUCATION; APPROPRIATIONS.**

68.16 \$24,000 in fiscal year 2010 and \$23,000 in fiscal year 2011 are transferred from the
68.17 department's special revenue fund to the general fund.

68.18 **EFFECTIVE DATE.** This section is effective the day following final enactment.

68.19 Sec. 2. **PERPICH CENTER FOR ARTS EDUCATION; APPROPRIATION.**

68.20 \$19,000 in fiscal year 2010 and \$11,000 in fiscal year 2011 are transferred from the
68.21 Perpich Center's special revenue fund to the general fund.

68.22 **EFFECTIVE DATE.** This section is effective the day following final enactment.

68.23 **ARTICLE 7**

68.24 **CHARTER SCHOOL FACILITIES**

68.25 Section 1. Minnesota Statutes 2009 Supplement, section 124D.10, subdivision 3,
68.26 is amended to read:

68.27 Subd. 3. **Authorizer.** (a) For purposes of this section, the terms defined in this
68.28 subdivision have the meanings given them.

68.29 "Application" to receive approval as an authorizer means the proposal an eligible
68.30 authorizer submits to the commissioner under paragraph (c) before that authorizer is able
68.31 to submit any affidavit to charter to a school.

69.1 "Application" under subdivision 4 means the charter school business plan a
69.2 school developer submits to an authorizer for approval to establish a charter school that
69.3 documents the school developer's mission statement, school purposes, program design,
69.4 financial plan, governance and management structure, and background and experience,
69.5 plus any other information the authorizer requests. The application also shall include a
69.6 "statement of assurances" of legal compliance prescribed by the commissioner.

69.7 "Affidavit" means a written statement the authorizer submits to the commissioner
69.8 for approval to establish a charter school under subdivision 4 attesting to its review and
69.9 approval process before chartering a school.

69.10 ~~"Affidavit" means the form an authorizer submits to the commissioner that is a~~
69.11 ~~precondition to a charter school organizing an affiliated nonprofit building corporation~~
69.12 ~~under subdivision 17a.~~

69.13 (b) The following organizations may authorize one or more charter schools:

69.14 (1) a school board; intermediate school district school board; education district
69.15 organized under sections 123A.15 to 123A.19;

69.16 (2) a charitable organization under section 501(c)(3) of the Internal Revenue Code
69.17 of 1986, excluding a nonpublic sectarian or religious institution, any person other than a
69.18 natural person that directly or indirectly, through one or more intermediaries, controls,
69.19 is controlled by, or is under common control with the nonpublic sectarian or religious
69.20 institution, and any other charitable organization under this clause that in the federal IRS
69.21 Form 1023, Part IV, describes activities indicating a religious purpose, that:

69.22 (i) is a member of the Minnesota Council of Nonprofits or the Minnesota Council on
69.23 Foundations;

69.24 (ii) is registered with the attorney general's office;

69.25 (iii) reports an end-of-year fund balance of at least \$2,000,000; and

69.26 (iv) is incorporated in the state of Minnesota;

69.27 (3) a Minnesota private college, notwithstanding clause (2), that grants two- or
69.28 four-year degrees and is registered with the Minnesota Office of Higher Education under
69.29 chapter 136A; community college, state university, or technical college governed by the
69.30 Board of Trustees of the Minnesota State Colleges and Universities; or the University of
69.31 Minnesota; ~~or~~

69.32 (4) a nonprofit corporation subject to chapter 317A, described in section 317A.905,
69.33 and exempt from federal income tax under section 501(c)(6) of the Internal Revenue Code
69.34 of 1986, may authorize one or more charter schools if the charter school has operated
69.35 for at least three years under a different authorizer and if the nonprofit corporation has
69.36 existed for at least 25 years; or

70.1 (5) no more than three single-purpose sponsors that are charitable, nonsectarian
70.2 organizations formed under section 501(c)(3) of the Internal Revenue Code of 1986 and
70.3 incorporated in the state of Minnesota whose sole purpose is to charter schools.

70.4 A board member or employee of an eligible organization must not be an employee,
70.5 contractor, or board member of a charter school.

70.6 Eligible organizations interested in being approved as a sponsor under this paragraph
70.7 must submit a proposal to the commissioner that includes the provisions of paragraph (c)
70.8 and a five-year financial plan. Such authorizers shall consider and approve applications
70.9 using the criteria provided in subdivision 4 and shall not limit the applications it solicits,
70.10 considers, or approves to any single curriculum, learning program, or method.

70.11 (c) An eligible authorizer under this subdivision must apply to the commissioner for
70.12 approval as an authorizer before submitting any affidavit to the commissioner to charter
70.13 a school. The application for approval as a charter school authorizer must demonstrate
70.14 the applicant's ability to implement the procedures and satisfy the criteria for chartering a
70.15 school under this section. The commissioner must approve or disapprove an application
70.16 within 60 business days of the application deadline. If the commissioner disapproves
70.17 the application, the commissioner must notify the applicant of the deficiencies and the
70.18 applicant then has 20 business days to address the deficiencies to the commissioner's
70.19 satisfaction. Failing to address the deficiencies to the commissioner's satisfaction makes
70.20 an applicant ineligible to be an authorizer. The commissioner, in establishing criteria for
70.21 approval, must consider the applicant's:

- 70.22 (1) capacity and infrastructure;
70.23 (2) application criteria and process;
70.24 (3) contracting process;
70.25 (4) ongoing oversight and evaluation processes; and
70.26 (5) renewal criteria and processes.

70.27 (d) The affidavit to be submitted to and evaluated by the commissioner must include
70.28 at least the following:

- 70.29 (1) how chartering schools is a way for the organization to carry out its mission;
70.30 (2) a description of the capacity of the organization to serve as a sponsor, including
70.31 the personnel who will perform the sponsoring duties, their qualifications, the amount of
70.32 time they will be assigned to this responsibility, and the financial resources allocated
70.33 by the organization to this responsibility;
70.34 (3) a description of the application and review process the authorizer will use to make
70.35 decisions regarding the granting of charters, which will include at least the following:
70.36 (i) how the statutory purposes defined in subdivision 1 are addressed;

- 71.1 (ii) the mission, goals, program model, and student performance expectations;
- 71.2 (iii) an evaluation plan for the school that includes criteria for evaluating educational,
- 71.3 organizational, and fiscal plans;
- 71.4 (iv) the school's governance plan;
- 71.5 (v) the financial management plan; and
- 71.6 (vi) the administration and operations plan;
- 71.7 (4) a description of the type of contract it will arrange with the schools it charters
- 71.8 that meets the provisions of subdivision 6 and defines the rights and responsibilities of the
- 71.9 charter school for governing its educational program, controlling its funds, and making
- 71.10 school management decisions;
- 71.11 (5) the process to be used for providing ongoing oversight of the school consistent
- 71.12 with the contract expectations specified in clause (4) that assures that the schools chartered
- 71.13 are complying with both the provisions of applicable law and rules, and with the contract;
- 71.14 (6) the process for making decisions regarding the renewal or termination of
- 71.15 the school's charter based on evidence that demonstrates the academic, organizational,
- 71.16 and financial competency of the school, including its success in increasing student
- 71.17 achievement and meeting the goals of the charter school agreement; and
- 71.18 (7) an assurance specifying that the organization is committed to serving as a
- 71.19 sponsor for the full five-year term.

71.20 A disapproved applicant under this paragraph may resubmit an application during a

71.21 future application period.

71.22 (e) The authorizer must participate in department-approved training.

71.23 (f) An authorizer that chartered a school before August 1, 2009, must apply by

71.24 June 30, 2011, to the commissioner for approval, under paragraph (c), to continue as an

71.25 authorizer under this section. For purposes of this paragraph, an authorizer that fails to

71.26 submit a timely application is ineligible to charter a school.

71.27 (g) The commissioner shall review an authorizer's performance every five years in

71.28 a manner and form determined by the commissioner and may review an authorizer's

71.29 performance more frequently at the commissioner's own initiative or at the request of a

71.30 charter school operator, charter school board member, or other interested party. The

71.31 commissioner, after completing the review, shall transmit a report with findings to the

71.32 authorizer. If, consistent with this section, the commissioner finds that an authorizer

71.33 has not fulfilled the requirements of this section, the commissioner may subject the

71.34 authorizer to corrective action, which may include terminating the contract with the

71.35 charter school board of directors of a school it chartered. The commissioner must notify

71.36 the authorizer in writing of any findings that may subject the authorizer to corrective

72.1 action and the authorizer then has 15 business days to request an informal hearing before
72.2 the commissioner takes corrective action.

72.3 (h) The commissioner may at any time take corrective action against an authorizer,
72.4 including terminating an authorizer's ability to charter a school for:

72.5 (1) failing to demonstrate the criteria under paragraph (c) under which the
72.6 commissioner approved the authorizer;

72.7 (2) violating a term of the chartering contract between the authorizer and the charter
72.8 school board of directors; or

72.9 (3) unsatisfactory performance as an approved authorizer.

72.10 **EFFECTIVE DATE.** This section is effective the day following final enactment
72.11 and paragraph (b) shall apply retroactively to August 1, 2009.

72.12 Sec. 2. Minnesota Statutes 2009 Supplement, section 124D.10, subdivision 4, is
72.13 amended to read:

72.14 Subd. 4. **Formation of school.** (a) An authorizer, after receiving an application from
72.15 a school developer, may charter a licensed teacher under section 122A.18, subdivision
72.16 1, or a group of individuals that includes one or more licensed teachers under section
72.17 122A.18, subdivision 1, to operate a school subject to the commissioner's approval of the
72.18 authorizer's affidavit under paragraph (b). The school must be organized and operated
72.19 as a ~~cooperative under chapter 308A~~ or nonprofit corporation under chapter 317A and
72.20 the provisions under the applicable chapter shall apply to the school except as provided
72.21 in this section.

72.22 Notwithstanding sections 465.717 and 465.719, a school district, subject to this
72.23 section and section 124D.11, may create a corporation for the purpose of establishing a
72.24 charter school.

72.25 (b) Before the operators may establish and operate a school, the authorizer must file
72.26 an affidavit with the commissioner stating its intent to charter a school. An authorizer
72.27 must file a separate affidavit for each school it intends to charter. The affidavit must
72.28 state the terms and conditions under which the authorizer would charter a school and
72.29 how the authorizer intends to oversee the fiscal and student performance of the charter
72.30 school and to comply with the terms of the written contract between the authorizer
72.31 and the charter school board of directors under subdivision 6. The commissioner must
72.32 approve or disapprove the authorizer's affidavit within 60 business days of receipt of the
72.33 affidavit. If the commissioner disapproves the affidavit, the commissioner shall notify
72.34 the authorizer of the deficiencies in the affidavit and the authorizer then has 20 business
72.35 days to address the deficiencies. If the authorizer does not address deficiencies to the

73.1 commissioner's satisfaction, the commissioner's disapproval is final. Failure to obtain
73.2 commissioner approval precludes an authorizer from chartering the school that is the
73.3 subject of this affidavit.

73.4 (c) The authorizer may prevent an approved charter school from opening for
73.5 operation if, among other grounds, the charter school violates this section or does not meet
73.6 the ready-to-open standards that are part of the authorizer's oversight and evaluation
73.7 process or are stipulated in the charter school contract.

73.8 (d) The operators authorized to organize and operate a school, before entering into a
73.9 contract or other agreement for professional or other services, goods, or facilities, must
73.10 incorporate ~~as a cooperative under chapter 308A~~ or as a nonprofit corporation under
73.11 chapter 317A and must establish a board of directors composed of at least five members
73.12 who are not related parties until a timely election for members of the ongoing charter
73.13 school board of directors is held according to the school's articles and bylaws under
73.14 paragraph (f). A charter school board of directors must be composed of at least five
73.15 members who are not related parties. Staff members employed at the school, including
73.16 teachers providing instruction under a contract with a cooperative, and all parents or legal
73.17 guardians of children enrolled in the school are the voters eligible to elect the members
73.18 of the school's board of directors. A charter school must notify eligible voters of the
73.19 school board election dates at least 30 days before the election. Board of director meetings
73.20 must comply with chapter 13D.

73.21 (e) Upon the request of an individual, the charter school must make available in
73.22 a timely fashion the minutes of meetings of the board of directors, and of members
73.23 and committees having any board-delegated authority; financial statements showing all
73.24 operations and transactions affecting income, surplus, and deficit during the school's last
73.25 annual accounting period; and a balance sheet summarizing assets and liabilities on the
73.26 closing date of the accounting period. A charter school also must post on its official Web
73.27 site information identifying its authorizer and indicate how to contact that authorizer and
73.28 include that same information about its authorizer in other school materials that it makes
73.29 available to the public.

73.30 (f) Every charter school board member shall attend department-approved training
73.31 on board governance, the board's role and responsibilities, employment policies and
73.32 practices, and financial management. A board member who does not begin the required
73.33 training within six months of being seated and complete the required training within 12
73.34 months of being seated on the board is ineligible to continue to serve as a board member.

73.35 (g) The ongoing board must be elected before the school completes its third year
73.36 of operation. Board elections must be held during a time when school is in session. The

74.1 charter school board of directors shall be composed of at least five nonrelated members
74.2 and include: (i) at least one licensed teacher employed at the school or a licensed teacher
74.3 providing instruction under a contract between the charter school and a cooperative; (ii) the
74.4 parent or legal guardian of a student enrolled in the charter school; and (iii) an interested
74.5 community member who is not employed by the charter school and does not have a
74.6 child enrolled in the school. The board may be a teacher majority board composed of
74.7 teachers described in this paragraph. The chief financial officer and the chief administrator
74.8 are ex-officio nonvoting board members. Board bylaws shall outline the process and
74.9 procedures for changing the board's governance model, consistent with chapter 317A. A
74.10 board may change its governance model only:

74.11 (1) by a majority vote of the board of directors and the licensed teachers employed
74.12 by the school, including licensed teachers providing instruction under a contract between
74.13 the school and a cooperative; and

74.14 (2) with the authorizer's approval.

74.15 Any change in board governance must conform with the board structure established
74.16 under this paragraph.

74.17 (h) The granting or renewal of a charter by an authorizer must not be conditioned
74.18 upon the bargaining unit status of the employees of the school.

74.19 (i) The granting or renewal of a charter school by an authorizer must not be
74.20 contingent on the charter school being required to contract, lease, or purchase services
74.21 from the authorizer. Any potential contract, lease, or purchase of service from an
74.22 authorizer must be disclosed to the commissioner, accepted through an open bidding
74.23 process, and be a separate contract from the charter contract. The school must document
74.24 the open bidding process. An authorizer must not enter into a contract to provide
74.25 management and financial services for a school that it authorizes, unless the school
74.26 documents that it received at least two competitive bids.

74.27 (j) An authorizer may permit the board of directors of a charter school to expand
74.28 the operation of the charter school to additional sites or to add additional grades at the
74.29 school beyond those described in the authorizer's original affidavit as approved by
74.30 the commissioner only after submitting a supplemental affidavit for approval to the
74.31 commissioner in a form and manner prescribed by the commissioner. The supplemental
74.32 affidavit must show that:

74.33 (1) the expansion proposed by the charter school is supported by need and projected
74.34 enrollment;

75.1 (2) the charter school expansion is warranted, at a minimum, by longitudinal data
75.2 demonstrating students' improved academic performance and growth on statewide
75.3 assessments under chapter 120B;

75.4 (3) the charter school is fiscally sound and has the financial capacity to implement
75.5 the proposed expansion; and

75.6 (4) the authorizer finds that the charter school has the management capacity to
75.7 carry out its expansion.

75.8 (k) The commissioner shall have 30 business days to review and comment on the
75.9 supplemental affidavit. The commissioner shall notify the authorizer of any deficiencies in
75.10 the supplemental affidavit and the authorizer then has 30 business days to address, to the
75.11 commissioner's satisfaction, any deficiencies in the supplemental affidavit. The school
75.12 may not expand grades or add sites until the commissioner has approved the supplemental
75.13 affidavit. The commissioner's approval or disapproval of a supplemental affidavit is final.

75.14 (l) A charter school approved and operating under this section shall not merge with
75.15 another charter school without prior approval from the commissioner. The merger shall
75.16 comply with chapter 317A and section 124D.11, subdivision 9, paragraph (g). The
75.17 commissioner shall review the proposed merger submitted by the proposed surviving
75.18 charter school and approve or disapprove the merger based on the following criteria:

75.19 (1) the financial management plan, including the transfer of assets and liabilities;

75.20 (2) the administration and operations plan;

75.21 (3) the school's governance plan; and

75.22 (4) the academic achievement plan.

75.23 **EFFECTIVE DATE.** This section is effective the day following final enactment.

75.24 Sec. 3. Minnesota Statutes 2009 Supplement, section 124D.10, subdivision 4a, is
75.25 amended to read:

75.26 Subd. 4a. **Conflict of interest.** (a) An individual is prohibited from serving as a
75.27 member of the charter school board of directors if the individual, an immediate family
75.28 member, or the individual's partner is an owner, employee or agent of, or a contractor
75.29 contracting with a for-profit ~~or~~ entity, a nonprofit entity, or an individual with whom
75.30 the charter school contracts, directly or indirectly, for professional services, goods, or
75.31 facilities. A violation of this prohibition renders a contract voidable at the option of the
75.32 commissioner or the charter school board of directors. A member of a charter school
75.33 board of directors who violates this prohibition is individually liable to the charter school
75.34 for any damage caused by the violation.

76.1 (b) No member of the board of directors, employee, officer, or agent of a charter
76.2 school shall participate in selecting, awarding, or administering a contract if a conflict
76.3 of interest exists. A conflict exists when:

- 76.4 (1) the board member, employee, officer, or agent;
76.5 (2) the immediate family of the board member, employee, officer, or agent;
76.6 (3) the partner of the board member, employee, officer, or agent; or
76.7 (4) an organization that employs, or is about to employ any individual in clauses
76.8 (1) to (3),
76.9 has a financial or other interest in the entity with which the charter school is contracting.
76.10 A violation of this prohibition renders the contract void.

76.11 (c) Any employee, agent, or board member of the authorizer who participates
76.12 in the initial review, approval, ongoing oversight, evaluation, or the charter renewal or
76.13 nonrenewal process or decision is ineligible to serve on the board of directors of a school
76.14 chartered by that authorizer.

76.15 (d) An individual may serve as a member of the board of directors if no conflict of
76.16 interest under paragraph (a) exists.

76.17 (e) A charter school board member must not receive any remuneration such as a
76.18 fee-for-service as part of a financial transaction involving the charter school. A charter
76.19 school employee may receive remuneration such as a fee-for-service as part of a financial
76.20 transaction involving a charter school only if the services for which the remuneration is
76.21 paid are in addition to the services the employee already agreed to provide to the charter
76.22 school and the charter school board of directors formally approve the remuneration.

76.23 (f) The conflict of interest provisions under this subdivision do not apply to
76.24 compensation paid to a teacher employed by the charter school who also serves as a
76.25 member of the board of directors.

76.26 ~~(f)~~ (g) The conflict of interest provisions under this subdivision do not apply to a
76.27 teacher who provides services to a charter school through a cooperative formed under
76.28 chapter 308A when the teacher also serves on the charter school board of directors.

76.29 **EFFECTIVE DATE.** This section is effective the day following final enactment.

76.30 Sec. 4. Minnesota Statutes 2009 Supplement, section 124D.10, subdivision 6, is
76.31 amended to read:

76.32 Subd. 6. **Charter contract.** The authorization for a charter school must be in the
76.33 form of a written contract signed by the authorizer and the board of directors of the charter
76.34 school. The contract must be completed within 45 business days of the commissioner's
76.35 approval of the authorizer's affidavit. The authorizer shall submit to the commissioner a

77.1 copy of the signed charter contract within ten business days of its execution. The contract
77.2 for a charter school must be in writing and contain at least the following:

77.3 (1) a declaration of the purposes in subdivision 1 that the school intends to carry out
77.4 and how the school will report its implementation of those purposes;

77.5 (2) a description of the school program and the specific academic and nonacademic
77.6 outcomes that pupils must achieve;

77.7 (3) a statement of admission policies and procedures;

77.8 (4) a governance, management, and administration plan for the school;

77.9 (5) signed agreements from charter school board members to comply with all
77.10 federal and state laws governing organizational, programmatic, and financial requirements
77.11 applicable to charter schools;

77.12 (6) the criteria, processes, and procedures that the authorizer will use for ongoing
77.13 oversight of operational, financial, and academic performance;

77.14 (7) the performance evaluation that is a prerequisite for reviewing a charter contract
77.15 under subdivision 15;

77.16 (8) types and amounts of insurance liability coverage to be obtained by the charter
77.17 school;

77.18 (9) the term of the contract, which may be up to three years for an initial contract
77.19 plus an additional preoperational planning year, and up to five years for a renewed contract
77.20 if warranted by the school's academic, financial, and operational performance;

77.21 (10) how the board of directors or the operators of the charter school will provide
77.22 special instruction and services for children with a disability under sections 125A.03
77.23 to 125A.24, and 125A.65, a description of the financial parameters within which the
77.24 charter school will operate to provide the special instruction and services to children
77.25 with a disability;

77.26 (11) the process and criteria the authorizer intends to use to monitor and evaluate the
77.27 fiscal and student performance of the charter school, consistent with subdivision 15; and

77.28 (12) the plan for an orderly closing of the school under chapter ~~308A~~ or 317A, if the
77.29 closure is a termination for cause, a voluntary termination, or a nonrenewal of the contract,
77.30 and that includes establishing the responsibilities of the school board of directors and the
77.31 authorizer and notifying the commissioner, authorizer, school district in which the charter
77.32 school is located, and parents of enrolled students about the closure, the transfer of student
77.33 records to students' resident districts, and procedures for closing financial operations.

77.34 **EFFECTIVE DATE.** This section is effective the day following final enactment.

78.1 Sec. 5. Minnesota Statutes 2009 Supplement, section 124D.10, subdivision 8, is
78.2 amended to read:

78.3 Subd. 8. **Federal, state, and local requirements.** (a) A charter school shall meet all
78.4 federal, state, and local health and safety requirements applicable to school districts.

78.5 (b) A school must comply with statewide accountability requirements governing
78.6 standards and assessments in chapter 120B.

78.7 (c) A school sponsored by a school board may be located in any district, unless the
78.8 school board of the district of the proposed location disapproves by written resolution.

78.9 (d) A charter school must be nonsectarian in its programs, admission policies,
78.10 employment practices, and all other operations. A sponsor may not authorize a charter
78.11 school or program that is affiliated with a nonpublic sectarian school or a religious
78.12 institution. A charter school student must be released for religious instruction, consistent
78.13 with section 120A.22, subdivision 12, clause (3).

78.14 (e) Charter schools must not be used as a method of providing education or
78.15 generating revenue for students who are being home-schooled.

78.16 (f) The primary focus of a charter school must be to provide a comprehensive
78.17 program of instruction for at least one grade or age group from five through 18 years
78.18 of age. Instruction may be provided to people younger than five years and older than
78.19 18 years of age.

78.20 (g) A charter school may not charge tuition.

78.21 (h) A charter school is subject to and must comply with chapter 363A and section
78.22 121A.04.

78.23 (i) A charter school is subject to and must comply with the Pupil Fair Dismissal
78.24 Act, sections 121A.40 to 121A.56, and the Minnesota Public School Fee Law, sections
78.25 123B.34 to 123B.39.

78.26 (j) A charter school is subject to the same financial audits, audit procedures, and
78.27 audit requirements as a district. Audits must be conducted in compliance with generally
78.28 accepted governmental auditing standards, the Federal Single Audit Act, if applicable,
78.29 and section 6.65. A charter school is subject to and must comply with sections 15.054;
78.30 118A.01; 118A.02; 118A.03; 118A.04; 118A.05; 118A.06; 471.38; 471.391; 471.392; and
78.31 471.425. The audit must comply with the requirements of sections 123B.75 to 123B.83,
78.32 except to the extent deviations are necessary because of the program at the school.
78.33 Deviations must be approved by the commissioner and authorizer. The Department of
78.34 Education, state auditor, legislative auditor, or authorizer may conduct financial, program,
78.35 or compliance audits. A charter school determined to be in statutory operating debt under
78.36 sections 123B.81 to 123B.83 must submit a plan under section 123B.81, subdivision 4.

79.1 (k) A charter school is a district for the purposes of tort liability under chapter 466.

79.2 (l) A charter school must comply with chapters 13 and 13D; and sections 120A.22,
79.3 subdivision 7; 121A.75; and 260B.171, subdivisions 3 and 5.

79.4 (m) A charter school is subject to the Pledge of Allegiance requirement under
79.5 section 121A.11, subdivision 3.

79.6 (n) A charter school offering online courses or programs must comply with section
79.7 124D.095.

79.8 (o) A charter school and charter school board of directors are subject to chapter 181.

79.9 (p) A charter school must comply with section 120A.22, subdivision 7, governing
79.10 the transfer of students' educational records and sections 138.163 and 138.17 governing
79.11 the management of local records.

79.12 (q) A charter school seeking endorsement from the Charter School Facilities
79.13 Authority under section 124D.1105 for a proposed facility that requires an expenditure in
79.14 excess of \$1,400,000 must comply with the requirements of section 123B.71, subdivisions
79.15 8 and 9.

79.16 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2011
79.17 and later.

79.18 Sec. 6. Minnesota Statutes 2009 Supplement, section 124D.10, subdivision 17, is
79.19 amended to read:

79.20 Subd. 17. **Leased space.** (a) A charter school may lease space from an independent
79.21 or special school board eligible to be an authorizer, other public organization, private,
79.22 nonprofit nonsectarian organization, private property owner, or a sectarian organization if
79.23 the leased space is constructed as a school facility. A charter school may not lease space
79.24 from an organization if the primary purpose of the organization proposing to lease a
79.25 building or land to the charter school is to provide a facility for the charter school, and (1)
79.26 the organization has financed the acquisition of the school facility through rent paid by the
79.27 charter school from building lease aid under section 124D.11, subdivision 4; or (2) the
79.28 organization is maintaining the school facility on behalf of the charter school through rent
79.29 paid by the charter school's building lease aid. The department must review and approve
79.30 or disapprove leases in a timely manner.

79.31 (b) Notwithstanding paragraph (a), with the approval of the commissioner of
79.32 education, a charter school that is approved to receive building lease aid under section
79.33 124D.11, subdivision 4, may lease space from a corporation or organization whose owner,
79.34 board members, employees, or related parties are not board members or employees
79.35 or related to board members or employees of the charter school, and the corporation

80.1 or organization is not otherwise directly or indirectly controlled by board members,
80.2 employees, or related parties of the charter school leasing the facility. If the commissioner
80.3 determines that a charter school is proposing to lease under this paragraph for the purpose
80.4 of purchasing a building using building lease aid, the commissioner must deny the lease.

80.5 (c) Notwithstanding paragraph (a), a charter school that is approved to receive
80.6 building lease transition aid under section 124D.11, subdivision 4d, may lease space
80.7 from an independent or special school district eligible to be an authorizer or other public
80.8 organization, private, nonprofit nonsectarian organization, private property owner, or
80.9 a sectarian organization, if the leased space is constructed as a school facility. The
80.10 department must review and approve or disapprove leases in a timely manner.

80.11 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2011
80.12 and later.

80.13 Sec. 7. Minnesota Statutes 2009 Supplement, section 124D.10, subdivision 23, is
80.14 amended to read:

80.15 Subd. 23. **Causes for nonrenewal or termination of charter school contract.** (a)
80.16 The duration of the contract with an authorizer must be for the term contained in the
80.17 contract according to subdivision 6. The authorizer may or may not renew a contract at
80.18 the end of the term for any ground listed in paragraph (b). An authorizer may unilaterally
80.19 terminate a contract during the term of the contract for any ground listed in paragraph
80.20 (b). At least 60 days before not renewing or terminating a contract, the authorizer shall
80.21 notify the board of directors of the charter school of the proposed action in writing. The
80.22 notice shall state the grounds for the proposed action in reasonable detail and that the
80.23 charter school's board of directors may request in writing an informal hearing before the
80.24 authorizer within 15 business days of receiving notice of nonrenewal or termination of the
80.25 contract. Failure by the board of directors to make a written request for a hearing within
80.26 the 15-business-day period shall be treated as acquiescence to the proposed action. Upon
80.27 receiving a timely written request for a hearing, the authorizer shall give ten business days'
80.28 notice to the charter school's board of directors of the hearing date. The authorizer shall
80.29 conduct an informal hearing before taking final action. The authorizer shall take final
80.30 action to renew or not renew a contract no later than 20 business days before the proposed
80.31 date for terminating the contract or the end date of the contract.

80.32 (b) A contract may be terminated or not renewed upon any of the following grounds:
80.33 (1) failure to meet the requirements for pupil performance contained in the contract;
80.34 (2) failure to meet generally accepted standards of fiscal management;
80.35 (3) violations of law; or

81.1 (4) other good cause shown.

81.2 If a contract is terminated or not renewed under this paragraph, the school must be
81.3 dissolved according to the applicable provisions of chapter ~~308A~~ or 317A.

81.4 (c) If the sponsor and the charter school board of directors mutually agree to
81.5 terminate or not renew the contract, a change in sponsors is allowed if the commissioner
81.6 approves the transfer to a different eligible authorizer to authorize the charter school.
81.7 Both parties must jointly submit their intent in writing to the commissioner to mutually
81.8 terminate the contract. The sponsor that is a party to the existing contract at least must
81.9 inform the approved different eligible sponsor about the fiscal and operational status
81.10 and student performance of the school. Before the commissioner determines whether
81.11 to approve a transfer of authorizer, the commissioner first must determine whether the
81.12 charter school and prospective new authorizer can identify and effectively resolve those
81.13 circumstances causing the previous authorizer and the charter school to mutually agree to
81.14 terminate the contract. If no transfer of sponsor is approved, the school must be dissolved
81.15 according to applicable law and the terms of the contract.

81.16 (d) The commissioner, after providing reasonable notice to the board of directors of
81.17 a charter school and the existing authorizer, and after providing an opportunity for a public
81.18 hearing, may terminate the existing contract between the authorizer and the charter school
81.19 board if the charter school has a history of:

81.20 (1) failure to meet pupil performance requirements contained in the contract;

81.21 (2) financial mismanagement or failure to meet generally accepted standards of
81.22 fiscal management; or

81.23 (3) repeated or major violations of the law.

81.24 (e) If the commissioner terminates a charter school contract under subdivision 3,
81.25 paragraph (g), the commissioner shall provide the charter school with information about
81.26 other eligible authorizers.

81.27 **EFFECTIVE DATE.** This section is effective the day following final enactment.

81.28 Sec. 8. Minnesota Statutes 2009 Supplement, section 124D.10, subdivision 23a,
81.29 is amended to read:

81.30 Subd. 23a. **Related party lease costs.** (a) A charter school is prohibited from
81.31 entering a lease of real property with a related party unless the lessor is a nonprofit
81.32 corporation under chapter 317A ~~or a cooperative under chapter 308A~~, and the lease cost is
81.33 reasonable under section 124D.11, subdivision 4, clause (1).

81.34 (b) For purposes of this section and section 124D.11:

82.1 (1) "related party" means an affiliate or immediate relative of the other party in
82.2 question, an affiliate of an immediate relative, or an immediate relative of an affiliate;

82.3 (2) "affiliate" means a person that directly or indirectly, through one or more
82.4 intermediaries, controls, is controlled by, or is under common control with another person;

82.5 (3) "immediate family" means an individual whose relationship by blood, marriage,
82.6 adoption, or partnering is no more remote than first cousin;

82.7 (4) "person" means an individual or entity of any kind; and

82.8 (5) "control" means the ability to affect the management, operations, or policy
82.9 actions or decisions of a person, whether through ownership of voting securities, by
82.10 contract, or otherwise.

82.11 (c) A lease of real property to be used for a charter school, not excluded in paragraph
82.12 (a), must contain the following statement: "This lease is subject to Minnesota Statutes,
82.13 section 124D.10, subdivision 23a."

82.14 (d) If a charter school enters into as lessee a lease with a related party and the
82.15 charter school subsequently closes, the commissioner has the right to recover from the
82.16 lessor any lease payments in excess of those that are reasonable under section 124D.11,
82.17 subdivision 4, clause (1).

82.18 **EFFECTIVE DATE.** This section is effective the day following final enactment.

82.19 Sec. 9. **[124D.101] VACANT BUILDING INVENTORY.**

82.20 The commissioner of administration, in conjunction with the commissioner of
82.21 education, shall annually publish a list of vacant and unused buildings and vacant and
82.22 unused portions of buildings that are owned by the state or by school districts in the
82.23 state and that may be suitable for the long-term operation of a charter school. The
82.24 commissioner of education shall make the list available to applicants for charter schools
82.25 and to existing charter schools. The list shall include the address of each building, a short
82.26 description of the building, and the name of the owner of the building. Nothing in this
82.27 section requires the owner of a building on the list to sell or lease the building or a portion
82.28 of the building to a charter school or to any other school or to any other prospective buyer
82.29 or tenant. The commissioner of education may request information from school districts
82.30 to compile the vacant building list under this section. School districts must comply with
82.31 the commissioner's request.

82.32 **EFFECTIVE DATE.** This section is effective the day following final enactment.

82.33 Sec. 10. Minnesota Statutes 2008, section 124D.11, subdivision 1, is amended to read:

83.1 Subdivision 1. **General education revenue.** (a) General education revenue must
83.2 be paid to a charter school as though it were a district. The general education revenue
83.3 for each adjusted marginal cost pupil unit is the state average general education revenue
83.4 per pupil unit, plus the referendum equalization aid allowance in the pupil's district of
83.5 residence, minus an amount equal to the product of the formula allowance according to
83.6 section 126C.10, subdivision 2, times .0485, calculated without basic skills revenue,
83.7 extended time revenue, alternative teacher compensation revenue, transition revenue, and
83.8 transportation sparsity revenue, plus basic skills revenue, extended time revenue, basic
83.9 alternative teacher compensation aid according to section 126C.10, subdivision 34, and
83.10 transition revenue as though the school were a school district. The general education
83.11 revenue for each extended time marginal cost pupil unit equals \$4,378.

83.12 (b) Notwithstanding paragraph (a), for charter schools in the first year of operation,
83.13 general education revenue shall be computed using the number of adjusted pupil units
83.14 in the current fiscal year.

83.15 (c) Notwithstanding paragraph (a), general education revenue for a charter school
83.16 receiving facilities aid under subdivision 4a must be reduced by an amount equal to the
83.17 greater of zero or the difference between the school's facilities aid and the product of the
83.18 pupil units served times:

83.19 (1) for a school receiving building lease aid for fiscal year 2010, the lesser of \$1,120
83.20 or the school's building lease aid per pupil unit served for fiscal year 2010; or

83.21 (2) for a school not receiving building lease aid for fiscal year 2010, \$1,120.

83.22 Sec. 11. Minnesota Statutes 2008, section 124D.11, subdivision 3, is amended to read:

83.23 Subd. 3. **Use of total operating capital revenue.** (a) Notwithstanding section
83.24 126C.10, subdivision 14, a charter school may use total operating capital revenue for any
83.25 purpose related to the school unless the charter school has been endorsed under section
83.26 124D.1106.

83.27 (b) A charter school that has been endorsed under section 124D.1106 must reserve
83.28 at least \$100 per pupil of its annual operating capital revenue for capital repairs and
83.29 replacement.

83.30 Sec. 12. Minnesota Statutes 2008, section 124D.11, subdivision 4, is amended to read:

83.31 Subd. 4. **Building lease aid.** (a) When a charter school finds it economically
83.32 advantageous to rent or lease a building or land for any instructional purposes and it
83.33 determines that the total operating capital revenue under section 126C.10, subdivision 13,
83.34 is insufficient for this purpose, it may apply to the commissioner for building lease aid

84.1 for this purpose. The commissioner must review and either approve or deny a lease aid
84.2 application using the following criteria:

84.3 (1) the reasonableness of the price based on current market values;

84.4 (2) the extent to which the lease conforms to applicable state laws and rules; ~~and~~

84.5 (3) the appropriateness of the proposed lease in the context of the space needs and
84.6 financial circumstances of the charter school;

84.7 (4) for fiscal year 2011 and in later years, for the first year a lease is initiated or
84.8 modified, any other information the commissioner requests of the charter school in order
84.9 to implement this subdivision including, at a minimum, the following:

84.10 (i) the owner of the building;

84.11 (ii) a statement from the lessee stating that its owner, board members, employees,
84.12 or related parties are not board members or employees or related to board members or
84.13 employees of the charter school, and the lessee is not otherwise directly or indirectly
84.14 controlled by board members, employees, or related parties of the charter school leasing
84.15 the facility;

84.16 (iii) a copy of the lessor's annual audit or annual report, whichever applies;

84.17 (iv) the terms of the proposed lease and a copy of the proposed lease;

84.18 (v) the enrollment projections of the school;

84.19 (vi) the long-range strategic and financial plan of the school;

84.20 (vii) a copy of the certificate of occupancy from the local jurisdiction; and

84.21 (viii) a copy of the state fire marshal's fire inspection report or orders and
84.22 accompanying documentation of costs associated with bringing the proposed lease site
84.23 up to code; and

84.24 (5) for fiscal year 2012 and later, for leases approved for building lease aid in the
84.25 prior fiscal year and not modified for the current fiscal year, any other information the
84.26 commissioner requests of the charter school in order to implement this subdivision,
84.27 including, at a minimum, the following:

84.28 (i) the enrollment projections of the school;

84.29 (ii) a statement from the lessee stating that its owner, board members, employees,
84.30 or related parties are not board members or employees or related to board members or
84.31 employees of the charter school, and the lessee is not otherwise directly or indirectly
84.32 controlled by board members, employees, or related parties of the charter school leasing
84.33 the facility;

84.34 (iii) an update to the long-range strategic and financial plan of the school; and

84.35 (iv) a letter from the school's director certifying that there has been no change in any
84.36 of the other information listed in this paragraph, except as reported in the letter.

85.1 (b) If the commissioner determines that a charter school has not provided
85.2 information required under this subdivision, the commissioner must deny the charter
85.3 school's lease aid application under this subdivision.

85.4 (c) If the commissioner determines that the primary purpose of the organization
85.5 proposing to lease a building or land to the charter school is to provide a facility for the
85.6 charter school, and (1) the organization has financed the acquisition of the school facility
85.7 through rent paid by the charter school from building lease aid under this subdivision;
85.8 or (2) the organization is maintaining the school facility on behalf of the charter school
85.9 through rent paid by the charter school's lease aid under this subdivision, the commissioner
85.10 must deny the charter school's lease aid application under this subdivision.

85.11 (d) Notwithstanding paragraph (c), the commissioner of education may approve
85.12 a charter school's lease aid application if the charter school is leasing space from a
85.13 corporation or organization whose owner, board members, employees, or related parties
85.14 are not board members or employees or related to board members or employees of the
85.15 charter school, and the corporation or organization is not otherwise directly or indirectly
85.16 controlled by board members, employees, or related parties of the charter school leasing
85.17 the facility. If the commissioner determines that a charter school is proposing to lease
85.18 under this paragraph for the purpose of purchasing a building using building lease aid, the
85.19 commissioner must deny the lease aid application.

85.20 (e) A charter school must not use the building lease aid it receives for custodial,
85.21 maintenance service, utility, or other operating costs. The amount of building lease aid per
85.22 pupil unit served ~~for a charter school~~ at education sites eligible for building lease aid for
85.23 any year shall not exceed the lesser of ~~(a) (1)~~ 90 percent of the approved cost or ~~(b) (2)~~
85.24 the product of the pupil units served for the current school year times ~~the greater of the~~
85.25 ~~charter school's building lease aid per pupil unit served for fiscal year 2003, excluding~~
85.26 ~~the adjustment under Laws 2002, chapter 392, article 6, section 4, or \$1,200. A charter~~
85.27 ~~school that receives facilities aid under subdivision 4a for an education site is not eligible~~
85.28 ~~for building lease aid under this subdivision for that site. A charter school that received~~
85.29 ~~more than \$1,200 per pupil unit in lease aid for an education site for fiscal year 2010 must~~
85.30 ~~continue to receive that per pupil aid amount until June 30, 2011.~~

85.31 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2011
85.32 and later.

85.33 Sec. 13. Minnesota Statutes 2008, section 124D.11, is amended by adding a
85.34 subdivision to read:

86.1 Subd. 4a. **Facilities aid.** (a) An endorsed charter school under section 124D.1106
86.2 that is required to make loan payments to be applied to principal or interest payments on
86.3 an outstanding debt obligation issued by the Charter School Facilities Authority under
86.4 this section is eligible to receive facilities aid in an amount equal to the amount needed
86.5 to meet when due the principal or interest payments on the obligations of the Charter
86.6 School Facilities Authority for eligible projects endorsed by the authority under section
86.7 124D.1106.

86.8 Aid received under this paragraph may be used only to pay loan payments to be
86.9 applied to the principal or interest payments due on obligations of the Charter School
86.10 Facilities Authority for eligible projects endorsed by the authority.

86.11 (b) A charter school that received facilities aid under paragraph (a) and that has
86.12 satisfied all of its debt obligation is eligible for annual facilities aid equal to \$400 times its
86.13 pupil units for the current year. Aid received under this paragraph must be maintained
86.14 in a reserve account within the charter school's general fund and may be only used for
86.15 deferred capital and maintenance expenditures associated with the facility owned by
86.16 the charter school.

86.17 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2011
86.18 and later.

86.19 Sec. 14. Minnesota Statutes 2008, section 124D.11, is amended by adding a
86.20 subdivision to read:

86.21 Subd. 4b. **Charter school facilities credit enhancement account.** (a) A charter
86.22 school credit enhancement account is created in the special revenue fund in the state
86.23 treasury to provide credit enhancement to charter school facilities financed with bonds
86.24 under section 124D.1108.

86.25 (b) For fiscal year 2011 and later, an annual amount equal to six percent of an
86.26 endorsed charter school's loan payments for the current bond year to be applied to
86.27 principal or interest payments on bonds issued under section 124D.1108 must be deducted
86.28 from the charter school's operating capital revenue for that year by the commissioner and
86.29 credited to the charter school facilities credit enhancement account. The total amount
86.30 credited to the charter school facilities credit enhancement account for all fiscal years shall
86.31 not exceed 100 percent of the amount of facilities aid payable to the endorsed charter
86.32 school under subdivision 4a in the current fiscal year. Amounts credited to this account
86.33 under this paragraph or any other annual appropriation shall be available for the benefit of
86.34 all endorsed charter schools that have outstanding bonds issued under section 124D.1108.

87.1 (c) The charter school facilities credit enhancement account may receive grants or
87.2 gifts and must be used for the purpose of the account under paragraph (a). Grants and gifts
87.3 received by the charter school facilities credit enhancement account must be available for
87.4 the benefit of all endorsed charter schools that have bonds issued under section 124D.1108.

87.5 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2011
87.6 and later.

87.7 Sec. 15. Minnesota Statutes 2008, section 124D.11, is amended by adding a
87.8 subdivision to read:

87.9 Subd. 4c. **Sale or transfer of assets.** A charter school board must notify the
87.10 commissioner if the board intends to sell or transfer property financed by building lease
87.11 transition aid under subdivision 4d or facilities aid under subdivision 4a. Sales under this
87.12 subdivision must be made at appraised market value.

87.13 **EFFECTIVE DATE.** This section is effective the day following final enactment.

87.14 Sec. 16. Minnesota Statutes 2008, section 124D.11, is amended by adding a
87.15 subdivision to read:

87.16 Subd. 4d. **Building lease transition aid.** (a) An eligible charter school may apply to
87.17 the commissioner for building lease transition aid. Building lease transition aid may be
87.18 used for the same purpose as building lease aid under subdivision 4. The commissioner
87.19 must review and either approve or deny a building lease transition aid application using
87.20 the following criteria:

87.21 (1) the reasonableness of the price based on current market values;

87.22 (2) the extent to which the lease conforms to applicable state laws and rules; and

87.23 (3) the appropriateness of the proposed lease in the context of the space needs and
87.24 financial circumstances of the charter school.

87.25 (b) For fiscal year 2011 and in later years, for the first year a lease is initiated or
87.26 modified, to retain eligibility for building lease transition aid, an eligible charter school
87.27 must submit the following information to the commissioner:

87.28 (1) the owner of the building;

87.29 (2) a list of the lessor's current board members or principals, whichever applies;

87.30 (3) a copy of the lessor's annual audit or annual report, whichever applies;

87.31 (4) the terms of the proposed lease and a copy of the proposed lease;

87.32 (5) the enrollment projections of the school;

87.33 (6) the long-range strategic and financial plan of the school;

88.1 (7) a copy of the certificate of occupancy from the local jurisdiction;
88.2 (8) a copy of the state fire marshal's fire inspection report or orders; and
88.3 (9) a resolution passed by the board of the charter school acknowledging an
88.4 agreement between the charter school and the organization that has financed the acquisition
88.5 of the school facility through rent paid by the charter school from building lease transition
88.6 aid, that the ownership of the school facility will transfer to the charter school upon the
88.7 maturity of the bonds or debt instruments used to finance the school facility.

88.8 (c) For fiscal year 2012 and later, for leases approved for building lease aid in the
88.9 prior fiscal year and not modified for the current fiscal year, any other information the
88.10 commissioner requests of the charter school in order to implement this subdivision,
88.11 including, at a minimum, the following:

88.12 (1) the enrollment projections of the school;
88.13 (2) a copy of the lessor's annual audit or annual report, whichever applies;
88.14 (3) an update to the long-range strategic and financial plan of the school; and
88.15 (4) a letter from the school's director certifying that there has been no change in any
88.16 of the other information listed in this paragraph, except as reported in the letter.

88.17 (d) If the commissioner determines that a charter school that is eligible to receive
88.18 building lease transition aid has not provided information required under this subdivision,
88.19 the commissioner must deny the charter school's building lease transition aid.

88.20 (e) A charter school must not use the building lease transition aid for custodial,
88.21 maintenance service, utility, or other operating costs. The amount of building lease
88.22 transition aid per pupil unit served at education sites eligible for building lease transition
88.23 aid in any year shall not exceed the lesser of:

88.24 (1) 90 percent of the approved cost; or
88.25 (2) the product of the pupil units served for the current school year times \$1,200.

88.26 A charter school that receives building lease aid for an education site under subdivision 4,
88.27 or charter school facilities aid for an education site under subdivision 4a, is not eligible
88.28 for building lease transition aid for the same site under this subdivision. A charter school
88.29 that received more than \$1,200 per pupil unit in lease aid for an education site under
88.30 subdivision 4 for fiscal year 2010 must continue to receive that per pupil unit aid amount
88.31 for education sites eligible for building lease transition aid until that charter school
88.32 receives facilities aid under subdivision 4a.

88.33 (f) A charter school is not eligible for building lease transition aid after the date
88.34 on which its original bond issue matures.

89.1 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2011
89.2 and later, except that the resolution required by paragraph (b), clause (9), need not be
89.3 submitted for fiscal year 2011.

89.4 Sec. 17. Minnesota Statutes 2008, section 124D.11, is amended by adding a
89.5 subdivision to read:

89.6 Subd. 4e. **Charter school building aid.** For fiscal year 2011 and later, a charter
89.7 school's building aid equals the sum of the following amounts:

89.8 (1) building lease aid, under subdivision 4;

89.9 (2) facilities aid, under subdivision 4a; and

89.10 (3) building lease transition aid, under subdivision 4d.

89.11 Sec. 18. Minnesota Statutes 2008, section 124D.11, subdivision 7, is amended to read:

89.12 Subd. 7. **Use of state money.** Money received from the state may not be used to
89.13 purchase land or buildings unless endorsed by the Charter School Facilities Authority
89.14 under section 124D.1106 for the purpose of making loan payments on principal or interest
89.15 payments on a debt obligation. The school may own land and buildings if obtained
89.16 through nonstate sources.

89.17 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2011
89.18 and later.

89.19 Sec. 19. Minnesota Statutes 2009 Supplement, section 124D.11, subdivision 9, is
89.20 amended to read:

89.21 Subd. 9. **Payment of aids to charter schools.** (a) Notwithstanding section 127A.45,
89.22 subdivision 3, aid payments for the current fiscal year to a charter school shall be of an
89.23 equal amount on each of the 24 payment dates.

89.24 (b) Notwithstanding paragraph (a) and section 127A.45, for a charter school ceasing
89.25 operation on or prior to June 30 of a school year, for the payment periods occurring after
89.26 the school ceases serving students, the commissioner shall withhold the estimated state aid
89.27 owed the school. The charter school board of directors and authorizer must submit to the
89.28 commissioner a closure plan under chapter ~~308A~~ or 317A, and financial information about
89.29 the school's liabilities and assets. After receiving the closure plan, financial information,
89.30 an audit of pupil counts, documentation of lease expenditures, and monitoring of special
89.31 education expenditures, the commissioner may release cash withheld and may continue
89.32 regular payments up to the current year payment percentages if further amounts are
89.33 owed. If, based on audits and monitoring, the school received state aid in excess of the

90.1 amount owed, the commissioner shall retain aid withheld sufficient to eliminate the aid
90.2 overpayment. For a charter school ceasing operations prior to, or at the end of, a school
90.3 year, notwithstanding section 127A.45, subdivision 3, preliminary final payments may
90.4 be made after receiving the closure plan, audit of pupil counts, monitoring of special
90.5 education expenditures, documentation of lease expenditures, and school submission of
90.6 Uniform Financial Accounting and Reporting Standards (UFARS) financial data for the
90.7 final year of operation. Final payment may be made upon receipt of audited financial
90.8 statements under section 123B.77, subdivision 3.

90.9 (c) If a charter school fails to comply with the commissioner's directive to return,
90.10 for cause, federal or state funds administered by the department, the commissioner may
90.11 withhold an amount of state aid sufficient to satisfy the directive.

90.12 (d) If, within the timeline under section 471.425, a charter school fails to pay the state
90.13 of Minnesota, a school district, intermediate school district, or service cooperative after
90.14 receiving an undisputed invoice for goods and services, the commissioner may withhold
90.15 an amount of state aid sufficient to satisfy the claim and shall distribute the withheld
90.16 aid to the interested state agency, school district, intermediate school district, or service
90.17 cooperative. An interested state agency, school district, intermediate school district, or
90.18 education cooperative shall notify the commissioner when a charter school fails to pay an
90.19 undisputed invoice within 75 business days of when it received the original invoice.

90.20 (e) Notwithstanding section 127A.45, subdivision 3, and paragraph (a), 80 percent
90.21 of the start-up cost aid under subdivision 8 shall be paid within 45 days after the first day
90.22 of student attendance for that school year.

90.23 (f) In order to receive state aid payments under this subdivision, a charter school in
90.24 its first three years of operation must submit a school calendar in the form and manner
90.25 requested by the department and a quarterly report to the Department of Education. The
90.26 report must list each student by grade, show the student's start and end dates, if any,
90.27 with the charter school, and for any student participating in a learning year program,
90.28 the report must list the hours and times of learning year activities. The report must be
90.29 submitted not more than two weeks after the end of the calendar quarter to the department.
90.30 The department must develop a Web-based reporting form for charter schools to use
90.31 when submitting enrollment reports. A charter school in its fourth and subsequent year of
90.32 operation must submit a school calendar and enrollment information to the department in
90.33 the form and manner requested by the department.

90.34 (g) Notwithstanding sections 317A.701 to 317A.791, upon closure of a charter
90.35 school and satisfaction of creditors, cash ~~and~~ investment balances, facilities, and all
90.36 other assets remaining shall be returned to the state. For mergers approved under section

91.1 124D.10, subdivision 4, paragraph (1), a charter school may first sell at appraised market
91.2 value or transfer its assets to a school district or a charter school.

91.3 **EFFECTIVE DATE.** This section is effective the day following final enactment.

91.4 Sec. 20. **[124D.1105] CHARTER SCHOOL FACILITIES AUTHORITY.**

91.5 Subdivision 1. **Creation; membership; administration.** (a) A state agency known
91.6 as the Charter School Facilities Authority is created. The Charter School Facilities
91.7 Authority shall consist of eight members, five of which are appointed by the governor
91.8 with the advice and consent of the senate, the commissioner of management and budget or
91.9 the commissioner's designee, and the commissioner of education or the commissioner's
91.10 designee. The governor shall appoint members of the authority described in paragraph (b).

91.11 (b) All members to be appointed by the governor shall be residents of the state. At
91.12 least two members must reside outside the metropolitan area as defined in section 473.121,
91.13 subdivision 2. At least one of the members shall be a person having skill, knowledge, and
91.14 experience in the field of state and municipal finance; at least one of the members shall
91.15 be a person having skill, knowledge, and experience in the building construction field; at
91.16 least one of the members shall be a person having skill, knowledge, and experience in the
91.17 field of school facilities finance; at least one member shall be a representative of a member
91.18 of the Minnesota Association of Charter Schools; and at least one member shall be an
91.19 expert in education finance from the Department of Education. With the exception of the
91.20 representative of the Minnesota Association of Charter Schools, each appointed member
91.21 of the authority shall be independent and not affiliated with a charter school organization
91.22 or any entity working or contracting with a charter school.

91.23 (c) The commissioner of management and budget shall administer the authority.

91.24 Subd. 2. **Minnesota School Boards Association.** The president of the Minnesota
91.25 School Boards Association, or the president's designee, shall serve without compensation
91.26 as an advisory, nonvoting member of the board.

91.27 Subd. 3. **Term; compensation; removal.** The membership terms, compensation,
91.28 removal of members, and filling of vacancies for board members other than the
91.29 commissioner of management and budget, the commissioner of education, representative
91.30 of the Department of Education, and the president of the Minnesota School Boards
91.31 Association, shall be as provided in section 15.0575. The commissioner of management
91.32 and budget, or the commissioner's designee, shall convene the first meeting of the
91.33 authority no later than August 15, 2010. The authority shall elect a chair at its first meeting
91.34 and shall determine a rotation for the chair.

92.1 Subd. 4. **Duties; applications; fees.** The authority shall provide an efficient and
92.2 cost-effective method of financing charter school facilities in this state. The authority
92.3 shall adopt policies and procedures necessary to fulfill its responsibilities. The authority
92.4 shall determine which charter schools are in a financial and academic position to develop
92.5 a facility. The authority shall review applications for the issuance of bonds under
92.6 section 124D.1108 for specific projects. The authority shall accept applications from
92.7 charter schools on an annual basis and may charge a charter school an application or
92.8 administrative fee. The annual application deadline and any fees must be determined
92.9 by the authority. Charter schools may apply annually to the authority, unless otherwise
92.10 directed by the authority. The authority may hire or contract for services.

92.11 Subd. 5. **Eligibility for endorsement to purchase or renovate.** (a) A charter
92.12 school that has been enrolling students for five or more years may seek endorsement
92.13 from the authority to purchase an existing building or purchase and renovate an existing
92.14 building within two years of purchase.

92.15 (b) The charter school must submit to the authority the following information:

92.16 (1) evidence that, for reading and math separately, the three-year average percentage
92.17 of the school's students making medium and high growth is equal to or greater than the
92.18 percentage of students in the state making medium and high growth as defined under
92.19 section 120B.299;

92.20 (2) documentation that the school's charter has been renewed within the last 24
92.21 months;

92.22 (3) financial statements showing that the charter school has had a net positive
92.23 unreserved general fund balance as of June 30 in the preceding five fiscal years;

92.24 (4) a long-range strategic and financial plan, including the physical space needs
92.25 of the school;

92.26 (5) a feasibility study of available buildings, including an appraisal of the proposed
92.27 facility;

92.28 (6) documents showing stable or growing enrollment projections and the need to
92.29 renovate or purchase an existing facility to serve as a school prepared by an independent
92.30 third party;

92.31 (7) a statement adopted by the charter school's board of directors acknowledging
92.32 that the building and any assets will revert to the state in the event of the charter school
92.33 closing and satisfaction of creditors;

92.34 (8) a statement from the charter school authorizer indicating its support of the
92.35 charter school's proposed facility; and

93.1 (9) for projects in excess of \$1,400,000, a positive review and comment from the
93.2 commissioner of education under section 123B.71.

93.3 (c) A charter school that has an approved program under section 124D.68 or
93.4 demonstrates that at least 75 percent of its students are eligible pupils under section
93.5 124D.68, subdivision 2, may apply to the commissioner of education for a waiver from
93.6 the requirements in paragraph (b), clause (1). The commissioner must grant a waiver if
93.7 the charter school demonstrates it has made sufficient progress toward the growth goal
93.8 under section 120B.299 in the last three years to demonstrate that the school is making
93.9 progress toward meeting the goal within the next two years.

93.10 Subd. 6. **Eligibility for endorsement to construct.** (a) A charter school that has
93.11 been enrolling students for eight or more years may seek endorsement from the authority
93.12 to construct a facility.

93.13 (b) The charter school must submit to the authority the following information:

93.14 (1) evidence that, for reading and math separately, the three-year average percentage
93.15 of the school's students making medium and high growth is equal to or greater than the
93.16 percentage of students in the state making medium and high growth as defined in section
93.17 120B.299;

93.18 (2) documentation that the school's charter has been renewed within the last 24
93.19 months;

93.20 (3) financial statements showing that the charter school has had a net positive
93.21 unreserved general fund balance as of June 30 in the preceding eight fiscal years;

93.22 (4) a long-range strategic and financial plan, including the physical needs of the
93.23 school;

93.24 (5) a feasibility study of facility options, including evidence of the lack of existing
93.25 facilities available to serve as a school;

93.26 (6) documents showing stable or growing enrollment projections and the need to
93.27 construct a new school facility;

93.28 (7) a statement adopted by the charter school's board of directors acknowledging
93.29 that the building and any assets will revert to the state in the event of the charter school
93.30 closing and satisfaction of creditors;

93.31 (8) a statement from the charter school authorizer indicating its support of the
93.32 charter school's proposed facility; and

93.33 (9) for projects in excess of \$1,400,000, a positive review and comment from the
93.34 commissioner of education under section 123B.71.

93.35 (c) A charter school that has an approved program under section 124D.68 or
93.36 demonstrates that at least 75 percent of its students are eligible pupils under section

94.1 124D.68, subdivision 2, may apply to the commissioner of education for a waiver from
94.2 the requirements in paragraph (b), clause (1). The commissioner must grant a waiver if
94.3 the charter school demonstrates it has made sufficient progress toward the growth goal
94.4 under section 120B.299 in the last three years to demonstrate that the school is making
94.5 progress toward meeting the goal within the next two years.

94.6 Subd. 7. **Determination.** The authority may make additional requests of the charter
94.7 school to make their determination. The authority must use the criteria submitted as
94.8 required by subdivisions 5 and 6 and any additional information the authority receives
94.9 to determine whether to allow a charter school to purchase, purchase and renovate, or
94.10 construct a school facility and use debt financing to pay for the costs of a school facility.
94.11 For charter schools eligible for building lease transition aid under section 124D.11,
94.12 subdivision 4d, the authority must also consider at least the following:

94.13 (1) call dates on outstanding debt paid through building lease transition aid; and

94.14 (2) financing costs for outstanding debt paid through building lease transition aid in
94.15 relation to financing costs estimated for debt to be issued through the authority.

94.16 The authority must notify the charter school of their determination within 90
94.17 business days after the application deadline. The decision of the authority is final.

94.18 Subd. 8. **Expiration.** The authority is permanent and the provisions of section
94.19 15.059, subdivision 5, do not apply.

94.20 **EFFECTIVE DATE.** This section is effective the day following final enactment.

94.21 Sec. 21. **[124D.1106] ENDORSED CHARTER SCHOOL BORROWING;**
94.22 **DEFINITIONS.**

94.23 Subdivision 1. **Endorsement.** The authority shall approve a charter school to
94.24 purchase, purchase and renovate, or construct a school facility and finance that school
94.25 facility through the issuance of bonds. The authority shall only approve the sale of bonds
94.26 on behalf of charter schools that are issued through the authority. The authority shall not
94.27 approve the sale of bonds for a charter school if the reduction to general education aid
94.28 under section 124D.11, subdivision 1, paragraph (c), is projected to exceed 16 percent of
94.29 the principal and interest payments on the proposed debt obligation in any fiscal year. The
94.30 decision of the authority is final.

94.31 Subd. 2. **Definition.** For the purpose of sections 124D.1106 to 124D.1109, an
94.32 "endorsed charter school" is one that has received approval to purchase, purchase and
94.33 renovate, or construct a school facility and finance that school facility through the issuance
94.34 of bonds by the authority under subdivision 1.

95.1 Subd. 3. **Mortgage.** A charter school that receives an endorsement under
95.2 subdivision 1 must provide the authority with a mortgage on the facility that may be
95.3 assigned to a trustee for the benefit of bondholders.

95.4 Subd. 4. **Use.** A charter school is prohibited from using the term "endorsed"
95.5 or "endorsement" as defined in subdivision 2 in educational promotional materials or
95.6 advertising. A charter school may use the term "endorsed" or "endorsement" for the
95.7 purposes of issuing bonds through the authority.

95.8 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2011
95.9 and later.

95.10 Sec. 22. **[124D.1107] AUTHORITY TO BORROW MONEY; LIMITATIONS.**

95.11 The board of an endorsed charter school, by a two-thirds majority, may vote to
95.12 acquire school facilities financed with the proceeds of bonds issued by the Charter School
95.13 Facilities Authority in the manner and subject to the limitations set forth in section
95.14 124D.1108 in anticipation of the receipt of charter school facilities aid under section
95.15 124D.11, subdivision 4a.

95.16 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2011
95.17 and later.

95.18 Sec. 23. **[124D.1108] CHARTER SCHOOL BONDS; REPAYMENT.**

95.19 Subdivision 1. **Issuance of bonds.** (a) The Charter School Facilities Authority
95.20 may sell and issue state revenue bonds, in anticipation of the collection of facilities aid
95.21 revenues under section 124D.11, subdivision 4a, from an endorsed charter school, to
95.22 finance, in whole or in part, the cost of the acquisition, acquisition and renovation, or
95.23 construction of a charter school building. The authority may enter into a loan agreement
95.24 with an endorsed charter school so that payments required to be made by the endorsed
95.25 charter school are fixed and revised as necessary to produce income and revenue sufficient
95.26 to provide for the prompt payment of principal or interest on all bonds issued when due.
95.27 The loan agreement must also provide that the endorsed charter school is required to pay
95.28 all expenses of the operation and maintenance of the charter school building, including
95.29 adequate insurance and insurance against all liability for injury to persons or property
95.30 arising from its operation, and all taxes and special assessments levied upon or with
95.31 respect to the charter school building and payable during the term of the loan agreement.

95.32 (b) The bonds must be issued, sold, and secured on the terms and conditions and
95.33 in the manner determined by resolution of the authority. The bonds may be sold at

96.1 competitive or negotiated sale. The authority may enter any agreements or pledges the
96.2 authority determines necessary or useful to sell the bonds that are not inconsistent with
96.3 sections 124D.10 to 124D.1109. Sections 16A.672 to 16A.675 apply to the bonds. The
96.4 proceeds of the bonds issued under this section must be credited to a special charter school
96.5 bond proceeds account in the state treasury and are appropriated to the authority to make
96.6 the loans and other payments authorized by this section.

96.7 (c) Bonds issued by the authority to finance a school facility and bonds issued to
96.8 refund bonds issued by the authority to finance a school facility must mature within 20
96.9 years from the date of issue of the first bonds issued to finance the school facility.

96.10 (d) The amount of total outstanding debt obligation issued under this section must
96.11 not exceed \$150,000,000.

96.12 Subd. 2. **Refunding bonds.** The authority may issue bonds to refund outstanding
96.13 bonds issued under subdivision 1, including the payment of any redemption premiums on
96.14 the bonds and any interest accrued or to accrue to the first redemption date after delivery
96.15 of the refunding bonds. The proceeds of the refunding bonds may, in the discretion of the
96.16 authority, be applied to the purchases or payment at maturity of the bonds to be refunded,
96.17 or the redemption of the outstanding bonds on the first redemption date after delivery of
96.18 the refunding bonds and may, until so used, be placed in escrow to be applied to the
96.19 purchase, retirement, or redemption. Refunding bonds issued under this subdivision must
96.20 be issued and secured in the manner provided by the authority.

96.21 Subd. 3. **No full faith and credit.** Bonds issued under this section are not public
96.22 debt of the state. The full faith and credit and taxing powers of the state are not and
96.23 may not be pledged for the payment of debt obligations under this section or for any
96.24 payment the state makes under section 124D.1109. No person may compel the levy of a
96.25 tax for the payment or compel the appropriation of money of the state or the authority
96.26 for the payment of the bonds, except as specifically provided in section 124D.1109. The
96.27 payments are subject to annual appropriation by the state and may be reduced or repealed
96.28 at any time. Any bonds issued must contain a conspicuous statement to that effect.

96.29 Subd. 4. **Bond validity.** The validity of any bonds and the provisions made for the
96.30 security of any bonds issued under this section are not affected by any determination that
96.31 the interest on the bonds is includable in gross income for federal income tax purposes.

96.32 Subd. 5. **Trustee.** The authority may contract with and appoint a trustee for bond
96.33 holders. The trustee has the powers and authority vested in it by the authority under the
96.34 bond and trust indentures.

96.35 Subd. 6. **Pledges.** Any pledge made by the authority is valid and binding from
96.36 the time the pledge is made. The money or property pledged and later received by the

97.1 authority is immediately subject to the lien of the pledge without any physical delivery
97.2 of the property or money or further act, and the lien of any pledge is valid and binding
97.3 as against all parties having claims of any kind in tort, contract, or otherwise against the
97.4 authority, whether or not those parties have notice of the lien or pledge. Neither the order
97.5 nor any other instrument by which a pledge is created need be recorded.

97.6 Subd. 7. **Bonds; purchase and cancellation.** The authority, subject to agreements
97.7 with bondholders that may then exist, may, out of any money available for the purpose,
97.8 purchase bonds of the authority at a price not exceeding (1) if the bonds are then
97.9 redeemable, the redemption price then applicable plus accrued interest to the next interest
97.10 payment date thereon, or (2) if the bonds are not redeemable, the redemption price
97.11 applicable on the first date after the purchase upon which the bonds become subject to
97.12 redemption plus accrued interest to that date.

97.13 Subd. 8. **State pledge against impairment of contracts.** The state pledges and
97.14 agrees with the holders of any bonds that the state will not limit or alter the rights vested in
97.15 the authority to fulfill the terms of any agreements made with the bondholders, or in any
97.16 way impair the rights and remedies of the holders until the bonds, together with interest on
97.17 them, with interest on any unpaid installments of interest, and all costs and expenses in
97.18 connection with any action or proceeding by or on behalf of the bondholders, are fully met
97.19 and discharged. The authority may include this pledge and agreement of the state in any
97.20 agreement with the holders of bonds issued under this section.

97.21 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2011
97.22 and later.

97.23 Sec. 24. **[124D.1109] STATE PAYMENT OF ENDORSED CHARTER SCHOOL**
97.24 **DEBT OBLIGATION UPON POTENTIAL DEFAULT; REPAYMENT; STATE**
97.25 **OBLIGATION NOT DEBT.**

97.26 Subdivision 1. **Definitions.** For the purposes of this section and sections 124D.10
97.27 and 124D.11, the term "debt obligation" means bonds issued by the Charter School
97.28 Facilities Authority under section 124D.1108.

97.29 Subd. 2. **Notifications; payment; appropriation.** (a) If an endorsed charter school
97.30 believes that it may be unable to pay the amount sufficient to permit the Charter School
97.31 Facilities Authority to make a principal or interest payment on an outstanding debt
97.32 obligation on the date that payment is due, it must notify the commissioner of education
97.33 as soon as possible, but not less than 15 business days before the date that principal or
97.34 interest payment is due. The notice must include the name of the endorsed charter school,
97.35 an identification of the debt obligation issue in question, the date the payment is due,

98.1 the amount of principal or interest due on the payment date, the amount of principal or
98.2 interest that the endorsed charter school will be unable to repay on that date, the trustee
98.3 or paying agent for the debt obligation, the wire transfer instructions to transfer funds to
98.4 that trustee or paying agent, and an indication whether a payment is being requested
98.5 by the endorsed charter school under this section. If a trustee or paying agent becomes
98.6 aware of a potential default, it shall immediately inform the commissioner of education
98.7 of that fact. After receipt of a notice that requests a payment under this section, after
98.8 consultation with the endorsed charter school and the trustee or paying agent, and after
98.9 verification of the accuracy of the information provided, the commissioner of education
98.10 shall notify the commissioner of management and budget of the potential default. The
98.11 notice must include a statement of the amount due that the endorsed charter school will be
98.12 unable to repay on the date due.

98.13 (b) Except as provided in subdivision 6, upon receipt of this notice from the
98.14 commissioner of education, the commissioner of management and budget shall issue a
98.15 warrant and authorize the commissioner of education to pay to the trustee or paying agent
98.16 for the debt obligation the specified amount on or before the date due. The amounts
98.17 needed for the purposes of this subdivision are annually appropriated to the commissioner
98.18 of education from the charter school credit enhancement account in the special revenue
98.19 fund in the state treasury.

98.20 (c) The commissioners of education and management and budget must jointly
98.21 develop detailed procedures for endorsed charter schools to notify the state that they
98.22 have obligated themselves to be bound by the provisions of this section, procedures for
98.23 endorsed charter schools and trustees and paying agents to notify the state of potential
98.24 defaults and to request state payment under this section, and procedures for the state to
98.25 expedite payments to prevent defaults. The procedures are not subject to chapter 14.

98.26 Subd. 3. **Endorsed charter school bound; interest rate on state-paid amount.** If,
98.27 at the request of an endorsed charter school, the state has paid part or all of the principal or
98.28 interest due on an endorsed charter school's debt obligation on a specific date, the endorsed
98.29 charter school is bound by all provisions of this section and the amount paid shall bear
98.30 taxable interest from the date paid until the date of repayment at the invested cash rate as it
98.31 is certified by the commissioner of management and budget. Interest shall only accrue
98.32 on the amounts paid and outstanding, less the reduction in aid under subdivision 4, and
98.33 other payments received from the endorsed charter school.

98.34 Subd. 4. **Aid reduction for repayment.** (a) Except as provided in this subdivision,
98.35 the commissioner must reduce the state aid payable to the endorsed charter school under
98.36 section 124D.11 by the amount paid by the commissioner under this section on behalf

99.1 of the endorsed charter school, plus the interest due on it, and the commissioner of
99.2 management and budget shall transfer the amount reduced from the appropriate account
99.3 to the charter school facilities credit enhancement account. No federal aid payments
99.4 shall be reduced.

99.5 (b) If, after review of the financial situation of the endorsed charter school, the
99.6 commissioner of education advises the commissioner of management and budget that a
99.7 total reduction of aids would cause an undue hardship on or an undue disruption of the
99.8 educational program of the endorsed charter school, the commissioner of education, with
99.9 the approval of the commissioner of management and budget, may establish a different
99.10 schedule for reduction of aids to repay the state. The amount of aids to be reduced is
99.11 decreased by any amounts repaid to the state by the endorsed charter school from other
99.12 revenue sources.

99.13 Subd. 5. **Mandatory plan; technical assistance.** If the commissioner makes
99.14 payments on behalf of an endorsed charter school under this section or the endorsed
99.15 charter school defaults in the payment of principal or interest on an outstanding debt
99.16 obligation, it must submit a plan to the commissioner of education for approval specifying
99.17 the measures it intends to implement to resolve the issues that led to its inability to make
99.18 the payment and to prevent further defaults. The commissioners must provide technical
99.19 assistance to the endorsed charter school in preparing its plan.

99.20 Subd. 6. **State bond rating.** If the commissioner of management and budget
99.21 determines that issuing warrants under subdivision 2 would adversely affect the credit
99.22 rating of the state, the commissioner of management and budget shall not issue warrants
99.23 for the payment of principal or interest on debt obligations under this section.

99.24 Subd. 7. **Continuing disclosure agreements.** The commissioner of management
99.25 and budget may enter into written agreements or contracts relating to the continuing
99.26 disclosure of information with respect to bonds issued to finance the school facilities of
99.27 endorsed charter schools according to federal securities laws, rules, and regulations,
99.28 including Securities and Exchange Commission rules and regulations, section
99.29 240.15c2-12. The agreements or contracts may be in any form the commissioner of
99.30 management and budget deems reasonable and in the state's best interests.

99.31 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2011
99.32 and later.

99.33 Sec. 25. Minnesota Statutes 2008, section 326B.103, subdivision 11, is amended to
99.34 read:

100.1 Subd. 11. **Public building.** "Public building" means a building and its grounds the
100.2 cost of which is paid for by the state or a state agency regardless of its cost, and a public
100.3 school ~~district~~ building project the cost of which is \$100,000 or more.

100.4 **EFFECTIVE DATE.** This section is effective the day following final enactment.

100.5 Sec. 26. Laws 2009, chapter 96, article 2, section 67, subdivision 2, is amended to read:

100.6 Subd. 2. **Charter school building lease aid.** For building lease aid under Minnesota
100.7 Statutes, section 124D.11, subdivision 4:

100.8		40,453,000		
100.9	\$	<u>34,833,000</u>	2010
100.10		44,775,000		
100.11	\$	<u>11,513,000</u>	2011

100.12 The 2010 appropriation includes \$3,704,000 for 2009 and ~~\$36,749,000~~ \$31,129,000
100.13 for 2010.

100.14 The 2011 appropriation includes ~~\$4,083,000~~ \$11,513,000 for 2010 and ~~\$40,692,000~~
100.15 \$0 for 2011.

100.16 Sec. 27. **TRANSITION ELIGIBILITY.**

100.17 Subdivision 1. Eligibility. The following charter schools are eligible to apply to
100.18 the commissioner of education for approval to receive building lease transition aid under
100.19 Minnesota Statutes, section 124D.11, subdivision 4d:

- 100.20 (1) Charter School No. 4001, Bluffview Montessori;
- 100.21 (2) Charter School No. 4005, Metro Deaf;
- 100.22 (3) Charter School No. 4007, Minnesota New Country School;
- 100.23 (4) Charter School No. 4008, Pact Charter School;
- 100.24 (5) Charter School No. 4015, Community of Peace;
- 100.25 (6) Charter School No. 4016, World Learner;
- 100.26 (7) Charter School No. 4017, Minnesota Transitions;
- 100.27 (8) Charter School No. 4018, Achieve Language Academy;
- 100.28 (9) Charter School No. 4026, E.C.H.O. Charter School;
- 100.29 (10) Charter School No. 4027, Higher Ground Academy;
- 100.30 (11) Charter School No. 4029, New Spirit;
- 100.31 (12) Charter School No. 4043, Math and Science Academy;
- 100.32 (13) Charter School No. 4057, El Colegio Charter;
- 100.33 (14) Charter School No. 4067, Aurora School;
- 100.34 (15) Charter School No. 4068, Excell Academy Charter;

- 101.1 (16) Charter School No. 4070, Hope Community Academy;
- 101.2 (17) Charter School No. 4074, Agricultural and Food Sciences Academy;
- 101.3 (18) Charter School No. 4083, Ridgeway Community School;
- 101.4 (19) Charter School No. 4100, Great Expectations;
- 101.5 (20) Charter School No. 4103, Hmong Academy;
- 101.6 (21) Charter School No. 4105, Great River School;
- 101.7 (22) Charter School No. 4112, St. Paul Conservatory for Performing Artists;
- 101.8 (23) Charter School No. 4116, Lakes International Language Academy;
- 101.9 (24) Charter School No. 4118, Kaleidoscope Charter School;
- 101.10 (25) Charter School No. 4120, St. Croix Preparatory Academy;
- 101.11 (26) Charter School No. 4126, Prairie Seeds Academy;
- 101.12 (27) Charter School No. 4137, Swan River;
- 101.13 (28) Charter School No. 4140, Yinghua Academy;
- 101.14 (29) Charter School No. 4146, Northern Lights;
- 101.15 (30) Charter School No. 4164, Laura Jeffrey Academy Charter; and
- 101.16 (31) Charter School No. 4170, Hiawatha Leadership Academy.

101.17 Subd. 2. **Program management.** Notwithstanding Minnesota Statutes, section
101.18 124D.11, subdivisions 4a and 4d, the commissioner may adjust payments for a charter
101.19 school's eligibility for building lease transition aid and facilities aid in the fiscal year in
101.20 which the charter school is changing eligibility between programs to ensure efficient
101.21 management.

101.22 Subd. 3. **Affiliated nonprofit building corporation.** An affiliated nonprofit
101.23 building corporation must:

101.24 (1) be incorporated under Minnesota Statutes, chapter 317A, and comply with
101.25 applicable Internal Revenue Service regulations;

101.26 (2) submit to the commissioner each fiscal year a list of current board members
101.27 and a copy of its annual audit; and

101.28 (3) comply with government data practices law under Minnesota Statutes, chapter 13.

101.29 The state is immune from liability resulting from a contract between a charter school and
101.30 an affiliated nonprofit building corporation.

101.31 **EFFECTIVE DATE.** This section is effective the day following final enactment.

101.32 **Sec. 28. CHARTER SCHOOL STARTUP AID.**

102.1 Notwithstanding Minnesota Statutes, section 124D.11, subdivision 8, for fiscal year
102.2 2012, a charter school in its first year of operation is not eligible for charter school startup
102.3 aid under Minnesota Statutes, section 124D.11, subdivision 8.

102.4 **EFFECTIVE DATE.** This section is effective the day following final enactment.

102.5 Sec. 29. **CHARTER SCHOOL FACILITIES CREDIT ENHANCEMENT**
102.6 **ACCOUNT; INITIAL CAPITALIZATION.**

102.7 \$258,000 in fiscal year 2012 and \$608,000 in fiscal year 2013 is appropriated from
102.8 the general fund to the Department of Management and Budget to initially capitalize the
102.9 charter school facilities credit enhancement account under Minnesota Statutes, section
102.10 124D.11, subdivision 4d. The commissioner of the Department of Management and
102.11 Budget shall credit the amounts appropriated in this section to the charter school facilities
102.12 credit enhancement account.

102.13 Sec. 30. **EDUCATION SITE CALCULATION.**

102.14 For a charter school with one or more education sites qualifying for building lease
102.15 aid for fiscal year 2011 under Minnesota Statutes, section 124D.11, subdivision 4, and
102.16 one or more sites qualifying for building lease transition aid for fiscal year 2011 under
102.17 Minnesota Statutes, section 124D.11, subdivision 4d, the commissioner shall determine
102.18 the fiscal year 2010 building lease aid per pupil unit served at each site by apportioning
102.19 the total building lease aid among sites based on the approved lease cost for each site, and
102.20 dividing the apportioned lease aid for each site by the pupil units served at that site.

102.21 Sec. 31. **EXTENSION OF BUILDING LEASE AID FORMULA; FISCAL YEAR**
102.22 **2012.**

102.23 Subdivision 1. **Eligibility.** For fiscal year 2012 only, if a charter school that received
102.24 building lease aid in excess of \$1,200 per pupil unit in fiscal year 2011 is unable to
102.25 renegotiate its lease so that its building lease aid in fiscal year 2012 is \$1,200 per pupil
102.26 unit served or less, the charter school is eligible to receive an extension of its building
102.27 lease aid formula allowance under this section, with the approval of the commissioner
102.28 under subdivision 2.

102.29 Subd. 2. **Commissioner approval.** An eligible charter school may apply to
102.30 the commissioner to extend its building lease aid formula for fiscal year 2012. The
102.31 commissioner may grant approval under this section if the commissioner is satisfied that

103.1 the charter school has attempted to renegotiate its lease with the owner of the school's
103.2 leased building, but has not been successful.

103.3 Subd. 3. **Extension allowance.** The extension allowance equals the difference
103.4 between a charter school's building lease aid per pupil unit served for fiscal year 2011
103.5 and \$1,200 times 0.5.

103.6 Subd. 4. **Formula.** Notwithstanding Minnesota Statutes, section 124D.11,
103.7 subdivision 4, paragraph (d), at the commissioner's discretion, an eligible charter school's
103.8 building lease aid per pupil unit served for a charter school for fiscal year 2012 only shall
103.9 not exceed the lesser of (1) 90 percent of the approved cost, or (2) the product of the
103.10 pupil units served for the current school year times the sum of \$1,200 and the school's
103.11 extension allowance under subdivision 3.

103.12 Sec. 32. **TRANSITION ELIGIBILITY; DULUTH PUBLIC ACADEMY.**

103.13 Charter School No. 4020, Duluth Public Schools Academy, is eligible to apply to
103.14 the commissioner of education for approval to receive building lease transition aid under
103.15 Minnesota Statutes, section 124D.11, subdivision 4d, if the charter school has received a
103.16 positive review and comment from the Department of Education on its K-8 school project
103.17 by July 15, 2010, and the bonds to construct the K-8 school project have been sold by
103.18 September 1, 2010.

103.19 Sec. 33. **APPROPRIATIONS.**

103.20 Subdivision 1. **Department of Education.** Unless otherwise indicated, the sums
103.21 indicated in this section are appropriated from the general fund to the Department of
103.22 Education for the fiscal years designated.

103.23 Subd. 2. **Charter school building aid.** For charter school building aid under
103.24 Minnesota Statutes, section 124D.11, subdivision 4e:

103.25 \$ 33,248,000 2011

103.26 The 2011 appropriation includes \$0 for 2010 and \$33,248,000 for 2011.

103.27 Subd. 3. **Vacant buildings list.** The appropriation to the Department of Education
103.28 under Laws 2009, chapter 96, article 7, section 3, subdivision 1, is increased by \$8,000 in
103.29 fiscal year 2011 to pay for costs of creating the vacant building inventory, under Minnesota
103.30 Statutes, section 124D.101. The base for the Department of Education is increased by
103.31 \$4,000 in fiscal year 2012 and later.

104.1 Subd. 4. Department, Minnesota Management and Budget. For the Charter
104.2 School Facilities Authority under Minnesota Statutes, section 124D.1105.

104.3 § 392,000 2011

104.4 The base appropriation for fiscal year 2012 and later is \$147,000.

104.5 Sec. 34. **REPEALER.**

104.6 (a) Minnesota Statutes 2009 Supplement, section 124D.10, subdivision 17a, is
104.7 repealed effective the day following final enactment.

104.8 (b) Minnesota Statutes 2008, section 124D.11, subdivision 8, is repealed effective
104.9 for revenue for fiscal year 2013."

104.10 Delete the title and insert:

104.11 "A bill for an act
104.12 relating to education; providing for policy and funding for kindergarten through
104.13 grade 12 education including general education, education excellence, special
104.14 programs, facilities and technology, accounting, state agencies, and charter
104.15 school facilities; authorizing rulemaking; requiring reports; appropriating
104.16 money; amending Minnesota Statutes 2008, sections 11A.16, subdivision 5;
104.17 120A.22, subdivision 11; 120A.24; 120B.021, subdivision 1; 120B.15; 121A.15,
104.18 subdivision 8; 122A.16; 122A.18, subdivision 2; 122A.23, subdivision 2;
104.19 123B.12; 123B.42, subdivision 1; 123B.44, subdivision 1; 123B.57, as amended;
104.20 123B.63, subdivision 3; 124D.09, subdivision 20; 124D.11, subdivisions 1, 3, 4,
104.21 7, by adding subdivisions; 125A.03; 125A.21, subdivisions 2, 3, 5, 7; 125A.69,
104.22 subdivision 1; 125A.79, subdivision 1; 126C.17, by adding a subdivision;
104.23 126C.40, subdivision 1; 127A.42, subdivision 2; 127A.43; 127A.45, by adding
104.24 subdivisions; 171.05, subdivision 2; 171.17, subdivision 1; 171.22, subdivision
104.25 1; 181A.05, subdivision 1; 326B.103, subdivision 11; Minnesota Statutes
104.26 2009 Supplement, sections 16A.152, subdivision 2, as amended; 120B.023,
104.27 subdivision 2; 120B.30, subdivisions 1, 3, 4, by adding a subdivision; 120B.35,
104.28 subdivision 3; 120B.36, subdivision 1; 124D.10, subdivisions 3, 4, 4a, 6, 6a,
104.29 8, 17, 23, 23a; 124D.11, subdivision 9; 125A.02, subdivision 1; 125A.091,
104.30 subdivision 7; 125A.63, subdivisions 2, 4, 5; 126C.41, subdivision 2; Laws
104.31 1999, chapter 241, article 4, section 25; Laws 2009, chapter 79, article 5,
104.32 section 60; Laws 2009, chapter 96, article 2, section 67, subdivisions 2, 14;
104.33 proposing coding for new law in Minnesota Statutes, chapters 120B; 121A;
104.34 124D; 125A; repealing Minnesota Statutes 2008, sections 120A.26, subdivisions
104.35 1, 2; 124D.11, subdivision 8; 125A.54; Minnesota Statutes 2009 Supplement,
104.36 section 124D.10, subdivision 17a."

105.1 We request the adoption of this report and repassage of the bill.

105.2 House Conferees:

105.3
105.4 Mindy Greiling Carlos Mariani

105.5
105.6 Pat Garofalo John Ward

105.7
105.8 Kathy Brynaert

105.9 Senate Conferees:

105.10
105.11 LeRoy Stumpf Charles Wiger

105.12
105.13 Gen Olson Kathy Saltzman

105.14
105.15 Terri Bonoff